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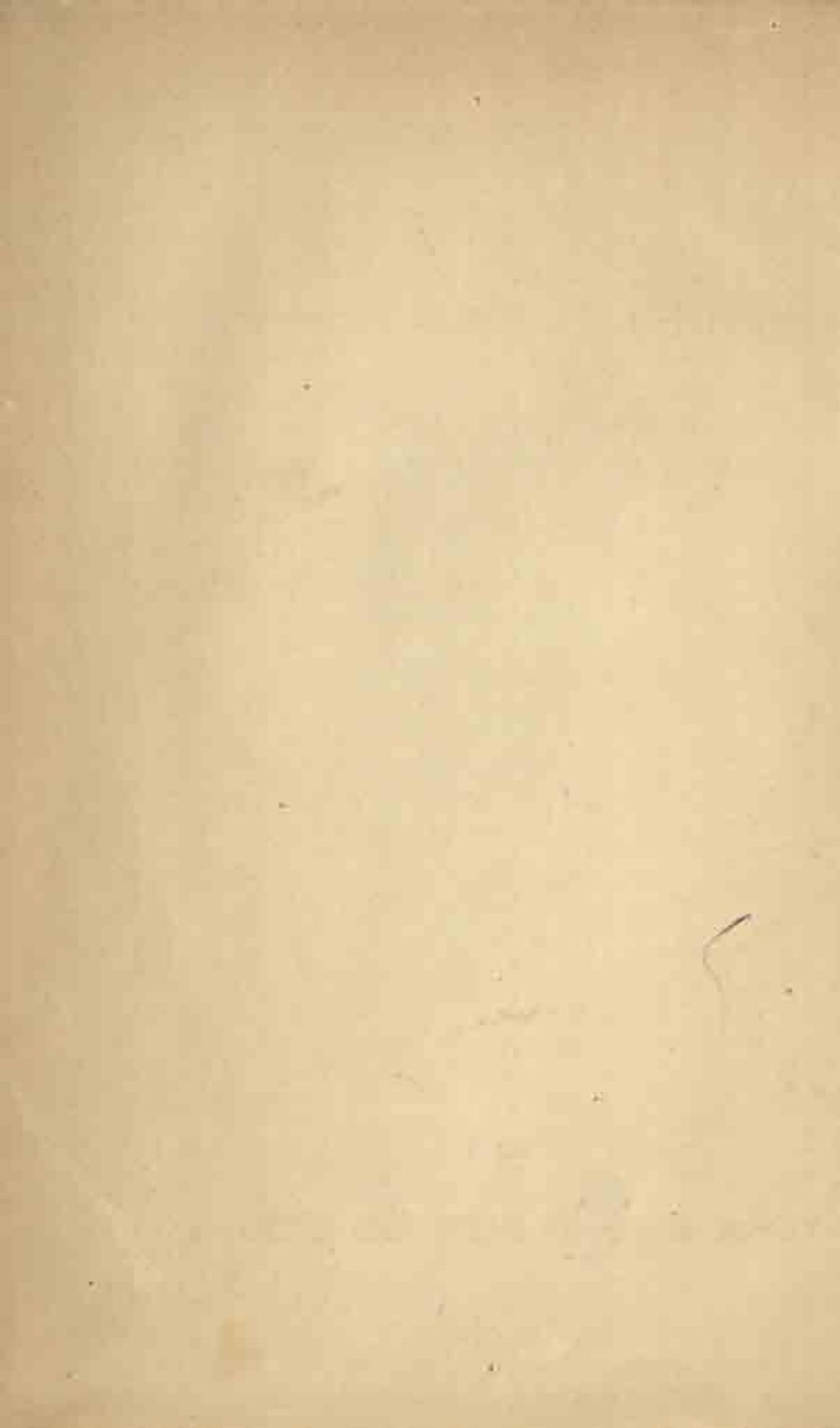
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The Maharaja Sayajirao Gaekwad Honorarium Lectures, 1950-1951

ANCIENT FOUNDATIONS  
OF  
ECONOMICS  
IN  
INDIA  
27960  
BY  
K. T. SHAH



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## PREFACE.

The old Baroda State Government had a scheme of "The Maharaja Sayajirao Gaekwad Honorarium Lectures" under which an eminent scholar in any one or more of the following subjects was invited every year to deliver a series of Lectures at Baroda and he was paid an honorarium of Rs. 5,000/-

1. Poetry	5. Economics
2. Literature	6. Scientific Research
3. History	7. Fine Arts
4. Philosophy	8. Social Service & Social Reform

Some of the eminent scholars invited by the former Baroda Government to deliver lectures under this series are Dr. Radhakumud Mukerjee, Dr. Rabindranath Tagore, Shri C. V. Vaidya, Shri K. Natarajan, Dewan Bahadur K. H. Dhruba, Pandit V. N. Bhatkhande, Dr. S. Dasgupta, Dr. Sir Shafat Ahmed Khan, Mrs. Sarojini Naidu, Dr. R. K. Das, T. R. Gregory, Sir C. V. Raman, Rao Bahadur K. V. Rangaswami Iyengar, Dr. Birbal Sahani and Dr. Sir J. C. Ghosh. Prior to merger, the former Baroda Government Selection Committee had selected Prof. K. T. Shah B. A., B. Sc., Bar-at-Law, the eminent Economist of India to be invited to deliver lectures under this series during the year 1950-51.

On the merger of the Baroda State with the Bombay State, the Government of Bombay under Education Department G. R. No. 9107 dated 20th March 1950 entrusted the management of these lectures to the Maharaja Sayajirao University of Baroda and sanctioned a special recurring grant of Rs. 5,000/- for the purpose.

Accordingly, the Maharaja Sayajirao University of Baroda invited Prof. K. T. Shah for the year 1950-51 and he was kind enough to accept our invitation. He delivered three lectures on "The Ancient Foundations of Economics in India" under the Chairmanship of Sayajirao University, in the Baroda College Central Hall on the 19th, 20th and 21st February 1951. The lectures were highly appreciated by the audience for the wealth of information and mastery of exposition. It is hoped that these lectures will be appreciated by students as well as scholars of Economics.

Messrs. Vora & Company Publishers Ltd., of Bombay have kindly undertaken to publish the book.

While the book was in print, Prof. K. T. Shah expired in Bombay on 10th March 1953 after a short illness. The country has been deprived of a great economist and the University of a genuine well-wisher. With his customary thoroughness Prof. K. T. Shah was himself seeing the proofs of the book. We are thankful to Professor G. H. Bhatt, Director of the Oriental Institute of the University, for completing the unfinished task.

The Maharaja Sayajirao  
University of Baroda.  
March 10, 1954.

B. K. ZUTSHI  
Registrar



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## INTRODUCTION

### Character of the Series and Scope of the Lectures

Judging from the subjects chosen for their Lectures by previous Lecturers in this Series, it seems to be intended to make fresh contributions to our knowledge of India, ancient or modern, her arts and sciences, her culture and philosophy.

### MODERN SUBJECTS LACK PERSPECTIVE

Modern India and her problems are too near to permit of a proper perspective, a full analysis, and fair judgement about the men and matters that mould or make up her history. The actors in the drama before our eyes, may seem more easily accessible; the scenes more vivid; the actions more closely observable, than in the more distant past, when the story of our people was seldom recorded in words; when the principal personages of our history were schooled in the virtues of modesty, and steeped in the ideal of anonymity. Their actions and motives, therefore, lacked the glare of present-day publicity, which more often bewilders and confounds than explains or enlightens. Men worked their way through life in the simple faith: "Thine is but to do thy appointed task, and never to think of its fruit or reward". \*

### ANCIENT ROOTS OF MODERN SUBJECTS

It consequently happens that our hoary ancient past is shrouded in the haze of legend, or lost in the veil of mystery. The principal actors, moving and acting on an enormous stage,—as vast as it was varied—are but shadows dimly seen through clouds of myth, or marvel; their action unrecorded; their motives unintelligible. But the very lack of blazing publicity and confusing comment, so dazzling a characteristic of modern times, makes for an easier appreciation of such material as is available or can be traced. Deliberately and intentionally, therefore, I have chosen this subject "Ancient Foundations of Economics." This has been done not only to dispel the common misapprehension that economics is a modern science of comparatively recent growth and alien graft; but also to show how profound, how suggestive, how closely akin to

\* कर्मणेवाधिकारस्ते मा फलेषु कदाचन । मगवदुगीता । (B.G., II, 47)

modern ideas on the subject, were the economic ideals and objectives of Indian savants of thousands of years ago; how appropriate and effective the solutions they advised. Besides attempting to show that the Science as well as the Art of Economics existed in all its searching profundity, these Lectures will be directed to lay out, explain, and correlate their basic conceptions into a concrete, consistent whole.

#### SCOPE OF THE LECTURES

In the following Lectures, therefore, I propose not only to point out how ancient are the roots of this important branch of the social science,—Economics,—in India, but also to explain how surprisingly our ancient authorities are in accord, each from a different angle perhaps, with modern thought on the innumerable and ever more complex problems of this study of man in his every day search for wealth or individual well-being. Incidentally, we shall also see how evolved and developed was our ancient political frame-work and social organisation; how varied the institutions we had devised; how complex the forces under which they were operated.

#### AUTHORITY FOR OBSERVATIONS: ANCIENT TREATISES

These observations will, of course have to be duly authenticated and supported and accepted by adequate authority. We have scientific treatises of hoary antiquity, directly bearing on the subject matter of this science, whose directions, injunctions or precepts were seen at work in the daily life on an imperial scale by contemporary foreign observers who had no ulterior motive but objective record of what they themselves saw, or watched at work, or experienced. Besides the Treatises\* and their annotations,

\* Many of the ancient Treatises directly dealing with *Varta*, or the science of Economics as a whole, seem to have been lost. At least they have not so far been discovered. A long list, however, is given in Sri Narendra Nath's *Studies in Indian History and Culture* (pp. 385-402) of printed and manuscript works on specific subjects included in the main Science. In his Commentary on Kamandaka's *Nitisara*, Shankaracharya mentions Gautama and Shalihotra's Treatise on *Agriculture's Economics*, *Videharaja's* Treatise on *Commerce*, and *Parashara's Krishisamgraha*. There are besides *Shasyananda*, a work on Botany, and *Vriksha Ayu-r-veda*, another on Forestry; King Bhoja's *Yukti Kalpataru*, and others like Kshetra Prakash's *Mayamita Shilparatna Vastu Vidya*, *Samaranagana Sutra*. The chapters of Kautilya in Books II, III, IV relating to these specific arts, crafts, or industries, provide ample evidence that very detailed

there is historic or puranic authority, not to mention epics and folklore, drama and literature, or even the intimate source of all authority in India,— the *Vedas*.\*

### MEANING OF ECONOMICS :

#### HUMAN SOCIETY CO-OPERTIVE NOT COMPETITIVE

Economics, whether in ancient India or the modern world, is, indeed, not a science solely concerning the individual in his search for personal welfare, or purely material happiness. Man cannot live by bread alone. He no longer lives in the jungle, a savage, untutored creature of the wild, untamed nature, whose hand is ever lifted, in fear and distrust, against his fellows. We live in organised society, in hourly and indispensable collaboration and incessant dependance upon our fellows. Man may flatter himself to be the lord of creation. But in all the living world, no creature of the wild, no bird or insect in the air, no fish in the seas is so helpless, from birth to death, without the constant,—and often unconscious,—cooperation with others of the kind. This collaboration may be concealed or camouflaged by the social order, or political organisation; but the fact is there unquestionable.

Economics is thus necessarily a social science, concerning man in his everyday life and pursuits, which would be impossible without association, organisation, and concerted action to predetermined ends. And it is the peculiar richness of India's ancient technical works must have existed on all these several subjects on which the author of the *Artha-Shastra* has given such clear injunctions.

\* Kautilya's *Artha-Shastra* opens with a reference to श्री the three *Vedas*, Rig, Sama and Yajur. To this he adds in the same breath *Atharva* and *Itikas* (History) as *Vedas*.

सामर्थ्यजुर्वदात्मयत्याया । अथर्वेदेतिहासचेदौ च वेदाः ॥ A. S. I. 3.

*Shukra Niti Sara*, which follows the *Artha-Shastra* closely, speaks of *Vedas* and *Upa-Vedas* (Subsidiary *Vedas*) as follows:—

Besides the Trinity श्री of Rig, Sama, and Yajur, he adds *Atharva*, *Ayurveda* (Science of Life of Medicine), *Dhanur Veda*, or the Science of Weapons; *Gandharva Veda* (or the science of Music and its allied arts), and *Tantra* which has developed into Tantric Lore of an almost impenetrable Mysticism. The word *Veda* comes from the root *Vid* to know, just as "Science" comes from the root *scio* to know.

Shukra then goes on to describe as the *Angas* (Limbs) of the *Vedas*.

अक्षगानि वेदाव्यत्वादे मिमांसान्यायविस्तराः ।

धर्मशास्त्रपुराणानि व्रद्यादं सर्वं सुन्धते ॥

Thus Grammar, Philology, Astrology, Prosody, etc. are among the six limbs of the *Vedas*.

civilisation that her seers and sages had recognised these basic facts, almost in the dawn of our recorded history, even if not in the twilight of our epic age or the lost horizons of our Vedic beginnings.

#### PURPOSE OF RECONSTRUCTING THE PAST

Modern attempts at a rediscovery of our past and its reconstruction are not actuated merely in a vain sense of self-complacency, or fruitless pride of glorious ancestry. It is rather the outcome of a deep realisation that most of the modern ideas, accepted ideals, and working institutions of a socio-economic character can be traced to their foundations thousands of years ago. And if today we perceive any weakening of the superstructure; if today we notice any complexity through which it is difficult to pursue all the ramifications of growth or developments; if today we fail to find a solution of the problems that face us for the moment by research into our ancient foundations, it is because, in the intervening centuries, so much of superfluous, uncongenial or undigested alien material has been overlaid on those foundations, that it becomes impossible even to understand the meaning or purpose, and to perceive the roots which could furnish some satisfactory explanation of the nature of these problems, and the way they were dealt with in those remote days of India's native empires.

#### EXTENT OF GROUND COVERED IN THESE LECTURES

I am not concerned, in this Series, with covering the entire ground in all the complexity and variety of what we today call the Science of Economics, and of the various applications of its governing principles. Mine is a more modest task. I am concerned merely with tracing out the ancient basis, on which a wide, efficient, working structure of amazing vitality and incredible variety had been raised. This structure, it will further be noted, was actually functioning centuries ago, when, in political evolution, India had reached the Imperial stage.

#### EVOLUTION IN SOCIAL ORGANISATION

Long before the rise of our historic Empires, however, India had evolved a most closely knit social organisation, common throughout the sub-continent, even if the political hegemony, imperial unity, or national solidarity, were lacking. In essence,

the social system actually at work, and all its institutions, laws and customs, ideas or ideals, were not dissimilar to those we find to-day. May be, our ancient architects of the social system were more simple, definite, categoric in their formulation; may be, they were more specific in the remedies or solutions they offered for most of the problems of economic life, social order, or political governance. But all that cannot gainsay the basic fact of the foundations they seem to have so well and truly laid in regard to economic notions and social import.

#### CHARACTERISTICS OF EXISTING MATERIAL

Not all this, however, is found on the surface of the material so far traced or available, from our ancient, authoritative sources. The nature, extent, and reliability of that material will be examined in a few minutes. But, at this stage, it is necessary to emphasise that, even such material as has already been discovered, bearing directly upon the subject of these Lectures, and much more that could be gleaned constructively from surviving treatises on analogous sciences, is sufficient to justify the claim made above, and which would be established more fully later on in these Lectures.\*

\* The interdependence of all the social science, both in their theoretical aspect as well as their applied form, was an outstanding and unmistakable characteristic of our ancient Treatise writers. This point will have to be stressed more fully later. Here it is interesting to note the number or variety of sciences. Shukracharya, an almost legendary or prehistoric sociologist, speaks of in the same breath,

मीमांसातर्कसांख्यनि वेदान्तो योग एव च ।  
इतिहासाः पुराणानि स्मृतयो नास्तिकं मतम् ॥  
धर्मशास्त्रं कामशास्त्रं तथा शिल्पमलंकृतिः ।  
कल्याणि देशभाषा च सरोक्तिर्यावनं मतम् ॥

Logic, Philosophy and Yoga, the science of Numbers as well of History, Jurisprudence and Scepticism; or Atheism, the Dharma Shastras (Treatises on Duties of Man) and the science of Desire (Ars Amorica) craftsmanship of all kinds and Decorative Arts are mentioned in the same context.

This writer has made a most interesting distinction between Art (कला) and Science (विद्या).

वद्यत्प्राप्ताचिकं सम्यग् कर्म विद्यामिसंबकम् ।  
शक्तोमुकोऽपि वत्कर्तुं कलासंबं दु तत्सृतम् ॥

"Any action which can be described by words (or can be read) is Vidya, and any action, which even a dumb person can achieve, is called a *Kala* or Art".

### INDIGENOUS MATERIAL SUPPLEMENTED FROM FOREIGN SOURCES

The material, moreover, is mainly indigenous. As already remarked, it consists of specific treatises directly bearing on this and allied subjects of hoary antiquity. Descriptive passages in the great epics lend ample colour to the reality of the principles and formulae laid down in these Treatises. References in classical literature of all description, and mention in the Rock Edicts of famous Emperors, copper plates, coins, and eulogistic records of great events, support it. Lest the wealth of indigenous material, however, be regarded as providing one-sided evidence only, there is available,—certainly from the time of recorded history,—the more effective check of a number of unbiased foreign students, visitors, or observers,—Greek, Chinese, Arab, and others,—that have left a world of description, explanation, and comparison on Indian ideas, practices, and institutions, as illuminating as they are abundant. The character and critical evaluation of this material will also be noticed in a moment. But before going further one must consider the handicaps from which we suffer, in visualising, understanding, or interpreting our own ancient authorities on the subject.

#### THE HANDICAPS ON INTERPRETATION OF ANCIENT AUTHORITY: STYLE APHORISTIC

The first of these difficulties is found in the language of these ancient material and original sources. The most authoritative works are in aphoristic form, capable of varying interpretations, according to the predilections of the author, his age, and environment. The Sutra form of authoritative Treatises, like Kautilya's *Arthashastra*, is open to misconstruction, not only because of the extreme brevity of their observations or injunctions, but also because of the technical nature of the terms used.

#### TECHNICAL TERMINOLOGY

The actual meaning of these terms in the day they were current is lost or obscured by the superimposition of the dust of centuries. The late scholar, Shri K. P. Jayaswal, has given a number of examples in his works like *The Ancient Hindu Polity*, which show how easy, how frequent, how complete the change in the meaning of technical terms has been. A corrective,—so far as it is necessary,—for this is to be found in other similar treatises of other writers, or corroboration from other sciences; and still

more, in the authoritative commentaries on each that provide a wealth of different, if not conflicting, interpretation for the Shastraic injunction on each item.

#### NEW MEANINGS OF TERMS OF ART: CHANGE IN MEDIUM

In the course of centuries, moreover, there has grown up a very wide difference in technical terminology, whereby the same term has often come to mean wholly different ideas. And then there is the difference in the medium of expression itself. Our ancient scientific treatises are almost all in classic or Vedic Sanskrit. No doubt, since the days of the Buddha and Mahavir, the most common of the popular tongue had also come to be more and more used, if not for actual enunciation of the canon itself, at least for interpretation, illustration, and, finally, adaptation of the ancient treatises, and their commentaries for every day use and mass understanding.

#### INFLUENCE OF NEW RACES

The coming of the Shakas and Huns, the Greeks and Persians, might have brought their own modification, alteration, or innovation in terminology. The advent of alien rule, and the superimposition of their foreign ideas and institutions,—particularly after the establishment of Muslim rule in India,—inevitably affected the everyday,—if not also scientific,—terminology, even if they could not affect or alter the essence of our political organisation, social institutions, or economic thought. Some of the earlier invaders,—like the Shakas,—had adopted the indigenous culture and language, as best suited for daily needs; but others, later on, were not so adaptive. The growing use in daily life of the Foreign Ruler's official language, whatever it was, could not but change,—in the light of the new domination or influence,—the sense in which the ancient terms and expressions were originally used. People began to be educated in those foreign tongues, which they assimilated to perfection. In the process of assimilation, they unconsciously accepted or adapted the alien ideas and institutions superimposed, and became more and more familiar with these borrowed ideas. Even when they used, by force of habit, old expressions, those words may not have connoted the ideas with which our ancestors were familiar.

#### THE OVERWHELMING DOMINATION OF ENGLISH

This phenomenon has become particularly accentuated in

the latest phase of our history, wherein not only was all public instruction conducted through the medium of English, but even such research or renaissance of indigenous thought as was attempted by the children of the soil, under the inspiration of their foreign teachers or models, came to be viewed through foreign-English-glasses.

#### DIFFICULTY NOT DUE ONLY TO DIFFERENCE IN LANGUAGE

The difference is not due only to the difference of the language as between the old classical Sanskrit and the modern English. Each of these has its own terminology of technical terms and expressions. The old language is perhaps lost, in the sense that the literal translation of ancient terms, which we were made to adopt, does not convey the same idea, the same meaning that those with whom they were a working reality understood. Even in its pristine purity, it is arguable that the same expression may not have conveyed precisely the same meaning, or substance in the different parts of the country, or at different times, even though the basic social order was the same everywhere.

#### INFLUENCE OF CHANGING ENVIRONMENT

But when the environment began to change insensibly this difficulty multiplied enormously. The more considerable difference has arisen from the deeper difference in the basic conception of economic thought, of human motives, and social institutions. English thought on these subjects is not more than 500 years old. It developed under conditions of constant and revolutionary changes in social environment and economic ideology. Ancient institutions were insensibly changing under the impact of a vortex of forces, collectively and compendiously known as Industrialism-cum-commercialism. Under these conditions, English thought and terminology could not possibly be static; and yet it seemed the only available medium for the resurgent Indian scholarship or research to express itself.

#### CHANGING CONDITIONS AND IDEOLOGY IN INDIA

With the coming of the foreigners in the country, with the establishing of alien rule and advent of another culture, the old terms and ideas began to be clothed in a new garb. They went on insensibly changing their substance till it was hardly recognisable.

The process has gone on for centuries beginning with the Greek incursion; visible Scythian and Hun invasion; accentuating under the Muslim domination, and culminating in the British Imperialism. Sanskrit learning in all its variety was not dead; and Sanskrit language not lost altogether all through these centuries. Ancient Hindu ideology or institutions had, also, not disappeared from the soil. But the tendency to express its technical terms, or scientific concepts, through the current medium, and interpret them in the light of the then prevailing circumstances, has resulted in an unconscious and insensible distortion of the original meaning, or the meaning current at any time subsequently, that the process of translation has involved.

#### CHANGE INEVITABLE

It is, indeed, inevitable that the expression of our ancient thought should suffer in the medium current at any given epoch of our history. But the task of a real understanding and correct interpretation of our ancient authorities, for the modern generation of Indians or foreigners interested in such subjects, will not be fully and truly performed, unless the modern interpreter has steeped himself fully in the real soul of the ancient writers, and is, at the same time, equally at home with the modern forms of those concepts expressed in English.

#### HANDICAPS OF THE PRESENTDAY INTERPRETER

At the inescapable risk of repetition, I must stress the handicaps a modern interpreter of our ancient sciences must deal with. In interpreting the material available; in reconstructing and reviewing the foundations of our ancient traditional, and, in a large part, still surviving socio-economic system, there are several difficulties a modern student inevitably has to contend with. These handicaps on interpreting and understanding are concerned with time and space, with speech and circumstance. The mere lapse of time, the events that have occurred during centuries of historical vicissitudes, and the forces that have developed in the interval, constitute by themselves a serious handicap. One cannot grasp the weight of this handicap in all its fullness, unless and until one tries to visualise, by comparison and contrast where possible and necessary, the ancient system, its roots and foundations, its basic ideals and motive forces. However strong the roots; however,

lasting the structure built upon them, events of history cannot be without their significance. A living people, their thought and work cannot remain always static. Change, growth, development must always be, especially when we deal with a country so vast, and a people so numerous, with so many vicissitudes in their storied past as ours, and with such an amazing variety of local conditions and circumstances in the different parts of the country.

#### VICISSITUDES OF HISTORY

The vicissitudes of history have not spelt only the rise, decline and fall of dynasties, or the origin, ascendancy and domination of governing classes. They have also meant the development and amplification of new schools of thought arising out of changing environment, and altering ideals. Besides this native growth of new currents of thought, patterns of work and schemes of life, there was the advent, spread and establishment of alien forces and foreign ideals.

Influence on account of the political ascendancy of the invaders thus became dominant almost throughout the country. They inevitably coloured, modified and diverted the indigenous currents of thought and lines of practice. New customs grew; new motives arose, new men, with different traditions and outlook, came upon the scene. Even when they handled the old system, and administered the old laws, they gave their own twist to them to such an extent that the old moulds became often unrecognisable.

#### DIFFERENCE IN LOCAL CONDITIONS

Add to this the force of a vast variety of local conditions and circumstances which persisted, notwithstanding the force of imperialistic centralisation, coordination, unification of forms, methods and symbols of government, rules and regulations of public life. The mere presence of autonomous States and isolated communities, separated from one another by mountain barriers or desert areas, naturally led to differences in the forms and conditions of economic life and institutions, that more and more differentiated those various States and communities. Broadly speaking, the South, or the country below the Vindhya mountains and the Narmada and the Mahanadi valleys, was a rocky plateau full of primeval forests, high mineral resources, but relatively poor agricultural wealth. It, therefore, gave more prominence to

commerce, to transoceanic as well as coastal voyages for purposes of trade, which the Aryan in the North, primarily agricultural, with a high degree of cattle wealth, failed to appreciate.

Again and again in the *Rig-Veda* the plaint occurs against the *Panis*, the money dealers of the South, which betokens their fear as well as envy of the richer, more versatile and progressive Dravid.\*

#### ANTAGONISM BETWEEN AGRICULTURAL NORTH AND INDUSTRIALISED SOUTH

From the earliest dawn of recorded history, however, this prehistoric and fundamental difference between the Aryan and agricultural North, and the industrialised and commercial Dravid South, seems to have vanished. But its traces remained in the ideology developed in these two parts of the country. With the universal adoption of the Brahmanic ideals and scheme of life, North and South became merged into one another, till their separate spiritual identity or social existence in the unrecorded past was completely lost sight of. Nevertheless, the original differences in outlook persisted; and were reinforced by the differences in the

\* "When they first came into the Land of the Five Rivers, they already found there a people, who were, on the Aryans' own evidence, strong and civilised enough to merit the new comers' lasting hostility. They are known, in the earliest hymns of the *Rig-Veda* as the *Panis* or merchants, and the Aryan looked down upon them, almost in the same light in which an English peer of Queen Victoria,—tracing his genealogy to some marauding companion-in-arms of the Bastard of Normandy,—looked down upon the honest tradesman or burgher with Saxon or British blood in his veins, inherited from unrecorded generations of simple working men. "Let the *Panis*, who do not perform sacrifice, and do not give gifts, sleep the eternal sleep," says one Poet, addressing the Vedic Goddess of Dawn (R. V. I. 124, 10); while another wonders why the mighty twins, the Aswins, tarry with the *Panis*: "Ignore them, destroy them", exhorts the seer (R. V. II 83, 3). Mr. Ramprasad Chanda, writing in the Memoir of the Archaeological Survey of India No 31, says:— "It appears to me that the aborigine towns-folk with whom the Aryans came into contact in the Indus Valley are called *Panis* in the hymns of all the books of the Rig-Veda. These are merchants, according to the commentator Yaska; and as the Vedic Aryan had no place in this social system for trade and traders (cp. R. V. 9,112) the conclusion is difficult that the much maligned *Panis* were the representatives of an earlier commercial civilisation."

geographical situation and configuration of the land and the habits of the people.

#### GEOGRAPHIC DIFFERENCES

Even in recorded and familiar history, the differences in geography and geology constituted the most important factor. To this the peculiar characteristics, traditions and outlook of the people, in the different parts of the country, added an irresistible reinforcement, accentuating the differences. But once the Brahmanic form of social organisation, stratification and division of labour had become universal, the roots became common; they took forms and aspects, which, naturally, made the common origin almost imperceptible. And when they were clothed in new garb borrowed from a foreign tongue, they often ceased to convey the same meaning, or hold the same purpose that they had when they were first evolved and put into operation.

#### IDENTITY OF BACKGROUND

But while outwardly the forms and usages of our social system seemed to wear an ever differing aspect in the different parts of the country, the theoretic background, the *shastric*-scriptural-injunctions, formulas or governing principles, remained unchanged. Our political, social, religious authorities remained the same. And that added materially to the difficulty of interpretation in familiar, contemporary, popular language.

#### IMPACT OF FOREIGN IDEAS

Apart from these great and basic handicaps, if we may so describe them, there is also the difference due to a gradual, imperceptible, but also unmistakable, change that came over the meaning of technical terms used in all our ancient scientific treatises, through sheer lapse of time. This has already been referred to and need not be over-stressed at this point. But we cannot help observing that, while every science has its own technical terminology, with definite connotation and denotation attaching to each "term of art" used in that particular science, the new forces, and foreign ideas, joined with the differences in the local conditions, popular tradition and actual circumstances, made for a complete transformation of the original meaning and intention of

the author, who had lived and written centuries before, perhaps under wholly different conditions. Much of the technical language appropriate to the different sciences may be said to have almost been lost; and such as survives cannot always be held to have the same purpose or convey the same meaning as the time of its origin.

#### NEED TO REDISCOVER ORIGINAL MEANING OF SCIENTIFIC CONCEPTS

The greatest difficulty in the way of reconstructing or resuscitating ancient Indian society, revealing its true foundations and explaining or understanding its motive forces, is this one concerning the meaning of the leading terms employed in each case. If we desire in this University to make an effort and bring about an all round renaissance, or reconstruction of the society in which our forefathers lived and worked; if we wish to revive and restore the ancient ideology in its essence, we will have to work for and bring about a coordination, a synthesis of all the Sciences,—theoretical or applied,—which concern the life and thought of our forbears in this country. Science or knowledge is one. It has been divided into several sections, not because these are mutually unconnected or independent fragments, but simply because man's faculties are limited, his capacity is finite, his ability or opportunity is, under the most favourable conditions, inadequate. But because man has made, for his own convenience, these divisions or compartments, their essential unity and integrity, their mutual affinity and dependance, cannot be gainsaid. There will be occasion, later on in these Lectures, to emphasise this point still further by specific illustrations. Suffice it to add here that the mutual inter-dependence of all sciences was nowhere so stressed and evident as in ancient India. And so it is that, in reviving or researching into ancient Indian Scientific achievements, we must ever have a comprehensive, integrated vision, which, even when it permits compartmentalisation for the sake of convenience, will never forget or overlook the basic unity of all knowledge.

#### MUTUAL INTERDEPENDENCE OF SOCIAL SCIENCES

In interpreting to-day, under our changed conditions, through a foreign medium, no handicap is so great as the loss, through centuries of obsolescence or change, of the original meaning of the

technical terms of each great Science. "The letter killeth", says the Bible. The mere translation, therefore, in a purely literary sense of ancient Sanskrit Shastric or technical terms will never convey the true essence and inward meaning of the governing principles of such purely human sciences as economics and politics.

#### FOREIGN TRANSLATOR'S UNCONSCIOUS DISTORTION

The earliest literal translations, moreover, of our classic Sanskrit treatises on such subjects have inevitably come to us through the medium of foreign eyes, which were not accustomed, which had not lived and worked under the ideals and traditions that the native Indian may well claim to have imbibed with his mother's milk. Even if we leave out the relatively distant times of Darius or Alexander, of the Huns, Pathans or the Moghuls; and concentrate ourselves on very recent times, the bulk of our so-called educated classes have been inducted in modern learning through the medium of English. Incidentally, they have been unconsciously indoctrinated into the atmosphere and outlook of their teachers, who may not have been revered so much as their spiritual preceptors—Gurus—as honoured and flattered because they were potential fountains of material wealth and worldly consideration. When the English scholar translates, he inevitably does so through the idiom and imagery he is himself most familiar with. It is, therefore, obvious that the language of these sciences, used by the present generation in India, is not Indian in origin or essence. Even when that language concerns Indian thought of the past, and the Indian institutions,—whether social, political or economic,—of our classic age, it inevitably takes up terms and expressions in English, presumed to be equivalent to the original terms of the same kind, which could not be really, exactly, equivalent. For our foreign teachers have naturally used their own language in the sense they themselves were familiar with. And they taught us what they themselves had learnt. Terms like Monarchy, or Republic, or Democracy; or those expressing rights of property in land and mines, in cattle or human beings, wore an English garb, which was as foreign to the Indian authority as the connotation of these terms they implied. We, their Indian pupils, have simply borrowed their words and terminology, without realising the inherent limitation of such borrowed

expressions, viz. that they were coined and put into circulation by those who were not personally familiar with ancient Indian thought, and who, therefore, inevitably read it with glasses coloured by their own preconception or prejudice on the subject.

#### VERSION OF GREEK AND PERSIAN, ARAB AND CHINESE OBSERVERS

This must have happened when the Greeks and the Persians, the Arabs and the Chinese, came into contact with classic Indian thought on the subjects that interested them. Megasthenes as well as Al Beruni, Hiuen-Tsang as well as Fa-Hien, offered their own version, as seen through the glasses they unconsciously wore. To say this is, indeed, not to charge them with deliberate insincerity or intentional perversion; it is simply to note the fact, inevitable under the circumstances, and to emphasise the consequence that the meaning given to the technical terms used in our ancient scientific treatises by foreign interpreters, or their native disciples, could not always be the same as in their origin.

#### LOSS OF ANCIENT ORIGINAL MATERIAL

Yet another difficulty, in a proper understanding and appreciation of our ancient treatises, institutions, or motive forces, is found in the loss of a considerable section,—perhaps the major portion,—of our heritage in this field. The vicissitudes of Indian history, to which reference has been made earlier, may be held responsible for a large scale destruction, neglect, or disappearance of these treasures of the past, which had no value to the ignorant outsider or prejudiced iconoclast. Much of these treasures, moreover, used to be preserved in temples of worship,—which were also centres of learning, or places of pilgrimage. To the fanatic from outside, those Temple-Universities carried their own anathema. When they were not bodily destroyed, they were neglected; and so fell into decay. The curse of alien domination fell not only upon the stone and mortar, but also upon the idols and their ornaments. It fell even more crudely upon the still less tangible treasures of the mind and spirit of countless generations of our hoary past.

#### RAVAGES OF TIME AND CALAMITIES OF NATURE

The ravages of time and the calamities of nature, like floods or earthquakes, must have played no less part in the loss or

wastage of such material. The portion that is still surviving, or which is being discovered almost every year and added to our available store, may be negligible. But the references made even in the extant Treatises by the authors to their forerunners or contemporaries are sufficient to show how much there must have been that has not survived and come down to this age. Kautilya, the author of the standard 'Shastra', probably the most ancient extant and authoritative treatise on the Science of Economics in India, refers again and again to other schools of thought, who differed from him on given points, or those with whom he agreed. Similar references are made in the *Kama Sutra*, the *Natya-Shastra*, and other authoritative works on Dharma-Shastras, or *Niti-Shastras*, on *Shilpa-Shastras* of all kinds. Vatsayana, the famous author of the 'Kama-Sutra', or Bharat Muni, the equally celebrated author of the 'Natya Shastra',—Science of Dancing, of Music and Dramaturgy,—not to speak of such standard works on law and jurisprudence as those of Manu, Yagnavalkya or Narada,—also contain innumerable references pointing to earlier authorities of no less renown or importance, which are now not to be found.

Much thought of the aggregate material bearing on our subject may have been lost or yet unfound, what is still available is, indeed, not negligible. With its aid we can well trace, in outline, if not in their fulness, the *Ancient Foundation of the Science of Economics in India*. But care must be taken to distinguish between the rules of ethics, economics and politics, which are, in India as in other ancient countries, often inseparable. This is, if one must regard it so, yet another handicap, or difficulty, in a proper appreciation of the leading doctrines of our ancient Science of economics. Perhaps, it is a peculiarity which enriches rather than impoverishes the science and the art based upon it.

#### CLASSIFICATION OF AVAILABLE MATERIAL

The available material or sources of information may be conveniently considered under two divisions, indigenous and foreign. The former may be further subdivided into direct, and indirect or implied, gleaned from passing references, or constructed out of collation and comparison of cognate works.

**(a) ORIGINAL SOURCES—VEDAS, UPANISHADS, AND BRAHMANAS**

The indigenous material itself is not inconsiderable, even though a great—a major—portion of it is lost, or yet untraced. As in everything else, the starting point, and the ultimate authority is sought by Indian thinkers in the *Vedas*, the *Upanishads* and the *Brahmanas*, based on or following upon them.<sup>1</sup> The various descriptions found in the earliest Vedic hymns are directly informative, and still more highly suggestive of the forms and moulds of thought and institutions that were already in existence during that age of Indian history. In course of time, centuries by our reckoning, they grew and developed, their outlines became sharper and clearer; and the picture takes on a fuller and fuller form, by details being filled in from actual example or experience, wherever necessary.

**(b) EPICS**

Epics—the most abundant source now in point of history—are fuller and more abundant in analytical description which probably corresponded to the facts as they then existed. Both the *Ramayana* and the *Mahabharata* provide, in their wealth of narrative or description, anecdote or example, ample evidence on this score. The systematic exponent, or the treatise-writer of a later age, lays down rules of daily use, whose operation can be easily illustrated by the precepts contained in these ancient Epics of India.

**(c) DHARMA AND NITI SHASTRAS**

The *Dharma* and *Niti-Shastras* amplify these from their own particular angle. Manu, Narada and Yagnavalkya, Shukra, Vidura or Kamandaka, explain or annotate or underline the aphorisms of the *Artha Shasstra* in their own way.

**(d) SPECIFIC TREATISES**

The systematic Treatises themselves on the science of government, of which economics may be taken as an integral part, are numerous. Even those now surviving are sufficient to

<sup>1</sup> Cf. Prof. Santosh Kumar Das, *Economic History of Ancient India*, pp. 45–46. He gives an exhaustive list of references in the *Rig Veda*, or the *Atharva Veda*, to the economic factors and phenomena, practices and institutions, which is amply supplemented by similar references culled from the *Brahmanas*. Prof. K. V. Rangaswamy Aiyangar, in his *Aspects of Ancient Indian Economic Thought* (Foot Note p. 17) gives a list of Pauranic references to *Varta*, which may popularly be translated as National Economy. To both these scholars, and to K. P. Jayaswal, the Lecturer is deeply indebted for collected and collated material.

give a fair idea of the Foundations. They are precise in formula, categoric in injunction, wide in scope. Their precepts are a complex of instructions, directions, or enunciation of the theorems in the art of organisation and functions of social institutions, their governance or regulation. The *Artha Shastra*, for example, is popularly believed to have been written by a great Minister of our earliest known, country-wide Empire. He may, therefore, well be assumed to be, not merely repeating parrotwise what he had been instructed in, but who was very probably speaking from personal experience and knowledge of the conditions under which he had governed.<sup>1</sup>

His<sup>2</sup> treatise consists of 15 sections or chapters aggregating

1 The *Artha-Shastra* of Kautilya, Chanakya, or Vishnugupta,—by whatever name you call him,—begins:—“Bow to Shukra and Brihaspati, who, tradition tells us, were two renowned teachers of the Art and Science of Governance which naturally included economics.” Chanakya himself says, at the very outset of his work:— नमः शुक्रवृहस्पतिभ्याम् । पृथिव्या लभ्ये पालने च यावन्त्यर्थशास्त्राणि सुर्वाचार्यैः प्रस्थापितानि प्रायशस्तानि संहृत्येकमिदमर्थशास्त्रं कृतम् । “This is a collection of all the Treatises promulgated by the earlier savants on the subject of acquiring, and preserving or maintaining the earth.” This is with special reference to Kings or Ministers. If applied to individuals the term “earth” भूमि may well be translated as “land” or “wealth”.

2 The date of Kautilya-Chanakya-Vishnugupta, the author of “Artha Shastra.”

By tradition immemorial, Chanakya is believed to have lived about the 4th century before Christ. He was the principal Minister of the first historic Empire in India, that of the Mauryas, which flourished somewhere between the 4th and 2nd century before Christ. The present-day European scholars, however, have cast some doubts about that date, and sought to assign him a much later period than the time-honoured tradition. This is a common policy, apparently unconsciously adopted by European scholars seeking to fix the dates of ancient Indian savants or literateurs, much later than Indian beliefs in the matter. Perhaps, subconsciously, they wanted Indian civilisation to be not of such an ancient age as local tradition would make it out to be. The authority, however, of the Vishnupurana (iv. 24) makes it clear that a Brahman of the name of, or known as, Kautilya was responsible for the overthrow of the Nanda dynasty, which ruled India for a hundred years, and the establishment of the Maurya dynasty with Chandragupta, his pupil and protege, as the first Sovereign. History records definitely the installation of Chandragupta to have been somewhere about 321 B. C. after Alexander had withdrawn from India. His treaty with Seleucus is definite land-mark in our ancient chronology. Chandragupta's grandson, Ashokavardhan, ascended the throne towards the beginning of the 3rd century B. C. If Chanakya, Vishnugupta or Kautilya, was the teacher and Prime Minister of the first Mauryan Emperor, he must have lived well into the 4th century B. C.

some 430 pages of the Sanskrit Text. A list of the chapters' headings given elsewhere will show the wide scope assigned to the Science by the author. It is evident, however, that he and other like authors on this subject do not strictly confine themselves to economics narrowly so called, but cover the entire gamut of organised society, its daily life, and its proper governance.

Kamandaka, the well known author of the "*Niti Sara*," who appears himself to have flourished somewhere about the time of Kanishka, the founder of the second great Empire in Indian history, also mentions in very laudatory terms the great Treatise of "*Artha-Shatsra*," and refers to the tradition of the Nanda dynasty being overthrown by Chanakya or Vishnugupta by the sole power of his mantra.<sup>1</sup> This was a couple of centuries after his time, and speaks volumes for his reputation among his successors who never seem to have questioned the tradition relating to his origin and achievements.

A yet later authority, Bana Bhat, the author of *Kadambari* and biographer of Shri Harsha, the last great Hindu Emperor of North India, in the middle of the 7th century after Christ, speaks of the same writer in somewhat critical terms, कौटिल्याणं अमाणम्, अभिचारक्षियकृत्यः पुरोधसो गुरुः, पराभिसंबानपरा मन्त्रिण उपदेष्टारः, नरपतिसहस्रसुक्तेनितायां लक्ष्यामासकि, नारजात्मकेषु शास्त्रेष्वभिषेणः, सहजप्रेमाद्वद्वानुरक्षा भ्रातर उच्छेषाः । (Para 108, Peterson's ed.)

"Is there anything that is righteous for those for whom the science of Kautilya, merciless in its precepts rich in cruelty, is an authority; whose teachers are priests habitually hard-hearted with practice of witchcraft; to whom Ministers, always inclined to deceive others, are councillors; whose desire is always for the goddess of wealth that has been first enjoyed and then cast away by

1 यस्याभिचारवत्तेण वज्रन्वलनतेजसः । पणात मृत्युः शीमान् सुपर्वानन्द-पर्वतः ॥ यक्षकी मन्त्रशक्तया यः शक्तया शक्तिवरोपयः । आजहार नृष्णन्द्राय चन्द्रगुप्ताय मेदिनीम् ॥ (I. 4, 5)

thousands of Kings ; who are devoted to the application of destructive sciences ; whom brothers, affectionate with natural cordial love, are fit victims to be murdered".

This reminds one of Machiavelli and the Borgia; but even in its condemnation, it confirms beyond doubt the tradition. And Dandi, the famous author of *Dasha Kumara Charita*, 'The Tale of Ten Princes', makes similar references to the authority and versatility of Chanakya. The famous drama *Mudra-Rakshasa* gives a dramatic form to this hoary tradition. Prof. Shama Sastri, the discoverer of "*Ariha Shastra*" in his Preface to the 3rd edition, lists the different arguments of modern European scholars like Dr. Jolly, Dr. Schmidt and Dr. Winternitz giving a later date to this ancient economist of India. After a very close consideration of these arguments he comes to the conclusion that the traditional date is much more likely than those suggested by the authorities just mentioned.

#### OTHER TREATISE-WRITERS

We shall consider a little later whether this feature of Indian exposition is a defect or a merit. Here it may be added that the "*Shukraniti*,<sup>1</sup>" another authoritative work on the same lines and subject, or the *Kamandakiya Nitisara*, still surviving, are in effect works of the same character, and repeat the same principles in their own words, and in their own context. The ages of these authors may not be easy to determine, as legend gives them prehistoric origin and primeval authority. Chanakya is a well known personage of recorded history, a sage and a scholar, a Minister who was once a recluse, and who, when his self-imposed task was ended, went once again into retirement. He wrote

<sup>1</sup> The *Shukra Niti* (Jivanand's ed. 1890) now available consists of 5 divisions, containing, respectively, 387 couplets dealing with the duties of the King ; 433 concerning characteristics or qualifications of Ministers ; 324 relating to the interests of the ruler and the ruled, 1332 giving general directions on the economic administration, and 91 on duties in general.

towards the end of the 4th century. Inasmuch, however, as his work itself contains clear references to his predecessors, to two of whom he offers salutation at the very start, and refers to contemporaries, it is obvious that the Science, as he lays it out, is not entirely of his own creation; but one which was already known. It was, however, enriched and expanded by him, because of his personal experience as a minister of the greatest Empire actually functioning on the Indian soil. He writes tersely in aphoristic style; but learned commentators have made every effort to annotate, explain, and illustrate his meaning. Shukra, Kaman-daka and Vidura (of the Mahabharata fame) are more explicit, but not more exhaustive, or authoritative.

By the time of Kautilya, however, contacts had been established with the Greeks and the Persians. They also had evolved their own science and art of government, which necessarily included economics.<sup>1</sup>

#### DIFFERENCE BETWEEN GREEK AND INDIAN IDEAS

The achievements of Greece in these sciences still form the

<sup>1</sup> In discussing the date of the author of the *Artha-Shastra*, Shama Sastri mentions, in his Preface to the Third Edition of the translation, the currency system with which Chanakya was familiar. Chapter XIX of Book II of the *Artha-Shastra* states

10 seeds of Masha	= 1 Suvarna Masha
or 5 seeds of Gunja	
16 Suvarna Mashas	= 1 Suvarna or Karsha.
4 Karshas	= 1 Pala
88 White mustard seeds	= 1 Silver Masha
16 Silver Mashas, or 20 Shaibya seeds	= 1 Dharama
20 Grains of Rice	= 1 Dharama of a Diamond

In A.S. Book II Ch. 12, the names of several coins, current in the days of Chandragupta, are mentioned like *Karshapana*, *pana*, *pada*, *masha*. These are all known to Panini, the Grammarian, but not familiar to Patanjali, who calls the *Pana* currency ancient. Patanjali, however, mentions the Dinar currency, which is of Graeco-Persian origin, and used mainly in the Punjab.

basis of all Western-European thoughts on the subject of Politics or Economics. The early English writers used the term Political Economy to designate their science. The Greek conception of the State had, indeed, not the Imperial width of the Persian, or the cosmic claim of the Indian. Hence Greek principles of political science, even though laid out and systematised by all the analytical genius of Aristotle, and embroidered upon by St. Augustine, lacked the scope and breadth of the Indian contemporary accustomed to Imperial sway. Similarly, too, Economics, which meant with the Greeks the science or the rule of the household, could not present the broad universal concept of one of the principal *Purusharthas* that the Indian Sage had busied himself with.<sup>1</sup>

#### SPECIAL MERITS OF THE ARTHA SHAstra

Contacts, comparisons or contrasts with those outside ideas

1. There were traditionally 4 aims or purposes of life, appropriate to each distinct stage in human existence : *Dharma*, *Artha*, *Kama*, and *Moksha*. At the time Kautilya wrote, Indian society had already taken its fourfold class-division of the *Brahmana*, or scholar, teacher, priest, or recluse ; the *Kshatriya*, or warrior ; the *Vaishya*, or trader, manufacturer, or artisan ; and the *Shudra*, or the serving labouring, working class. This classification had not yet assumed the rigidity of our latter-day *caste* system ; nor did it in any way correspond to the *class* society, founded on economic bases, characteristic of Europe. It is gradation or stratification ; not compartmentalisation with an unbreakable stone wall between the several grades or strata, nor impassable iron bars keeping "colour" (*Varna*) apart from colour.

Within this functional division of the people, each individual, at least of the three upper classes, had a different duty—*Dharma*,—prescribed for him, according to the different stages in life. Says the author of the *Artha-Shastra* :—

एव चर्योचमेष्टतुण्डी वर्णानामाद्यमाणां च स्वधर्मस्यापनादीपकारिकः ।

As the triple Vedas definitely determine the respective duties of the four castes, and of the four orders (stages) of life, they are the most useful.

स्वधर्मे ब्राह्मणस्याद्यपनमध्यापनं यजनं याजनं दानं प्रतिश्रुतेऽपि ।

The duty of the *Brahmana* is study, teaching, performance of sacrifice, officiating in others' sacrificial performance, and the giving and receiving of gifts.

क्षत्रियस्याद्यपनं यजनं दानं शस्त्राभिष्ठो भूतरक्षणं च ।

That of a *Kshatriya* is study, performance of sacrifice, giving gifts, military occupation, and protection of life.

[ *Contd. overleaf* ]

and institutions may also have enriched the work of Kautilya, and those of his successors, editors, or commentators. This does not affect, however, the essentially indigenous character of their product. Their weight of authority for our purpose lies, in their unbiased record, often of personal observation and objective

वैश्यस्त्रात्मयनं यजनं दानं लिपिपात्रात्मये चणिज्या च ।

That of a Vaisya is study, performance of sacrifice, giving gifts, agriculture, cattle-breeding and trade.

शूद्रस्य द्विजातिशुश्रूषा वार्ता कारुकुशीलवकर्म च ।

That of a Sudra is the serving of the twice-born (*dvijati*), agriculture, cattle-breeding, and trade (*varta*), the profession of artisans and couriers (*Karukusilavakarma*).

गृहस्थस्य अकर्मातीयस्तुत्वैरसमावर्त्तिभिर्वैशाल्यमृतुगामित्वं देवपित्रतिथि-  
मूल्येषु त्यागशोषणमोजनं च ।

The duty of a householder is earning livelihood by his own profession, marriage among his equals of different ancestral Rishis, intercourse with his wedded wife after her monthly ablution, gifts to gods, ancestors, guests, and servants, and the eating of the remainder.

ब्राह्मारिणस्त्वाध्यायोऽग्निकार्याभिषेकौ भैश्वरतत्वमाचार्ये प्राणान्तिकौ  
कृचिस्तदभावे गुरुपुत्रे सावधानारिणि च ।

That of a Student (Brahmacharin) is learning the Vedas, fire-worship, ablation, living by begging, and residence with his teacher up to the end of his life, or, in the absence of his teacher, the teacher's son, or an elder classmate.

वानप्रस्थस्य ब्राह्मचर्यं भूमौ शन्या जटाऽदिनधारणमग्निहोक्त्राभिषेकौ  
देवतापित्रतिथिपूजा वन्यस्त्वाहारः ।

That of a Vanaprastha (forest-recluse) is observance of chastity, sleeping on bare ground, keeping twisted locks, wearing deerskin, fire-worship, ablation, worship of gods, ancestors and guests, and living upon food-stuffs procurable in forests.

परिवाजकस्य संवतेनिद्रियत्वमनारम्भो लिङ्किल्वनत्वं सङ्कृत्यागो  
भैश्वरमनेकतारण्यवासो वासामाध्यन्तरं च शौचम् ।

That of an ascetic retired from the world (Parivrajaka) is complete control of the organs of sense, abstaining from all kinds of work, renouncing money, keeping away from society, begging in many places, dwelling in forests and purity, both internal and external.

सर्वेषामहिसा सत्यमनसुयाऽनृशंस्यं इमा च ।

Harmlessness, truthfulness, freedom from spite, abstinence from cruelty, and forgiveness are duties common to all.

experience. The foreigners' works check, correct, or confirm the authority of our own treatise-writers, their editors or commentators. Megasthenes, the Greek ambassador at the court of the founder of the Mauryan Empire, had his own sources of information, his own observations and enquiries. It is a pity his complete record has been lost. His writings, though in fragmentary form, are useful in comparing with the first hand knowledge and direct experience of the great Minister, -an Indian Sully, Richelieu and Bismarck rolled into one, -who had no less a say in the governance of the Empire than his pupil and protege, the Emperor himself. Arrian and Nearchus were of the same brand, though Strabo may have depended more on reports from others. Herodotus, the Greek Historian, and Pliny, his Roman prototype, must have based their writings about India on similar sources, except on matters which came within their personal observation, like the annual drain of gold from the Roman Empire of Pliny's days on account of the adverse balance of trade with India.

#### (e) ECONOMICS IN LEGAL TREATISES

The various Law books, such as the *Manu*, *Yajnavalkya* or *Narada Smritis*, are not confined exclusively to what we may today describe as laws. Their primary objective may have been to lay down the law as they found or conceived it to be. But their observations also include economic maxims in all departments of human activity, on all aspects of a complex society at work. As such, the treatise on Economics proper, the *Artha-Shastra*, can equally well be reinforced by the authority of the *Dharma-Shastras* just as well as that of the *Niti-Shastras*.

#### (f) EVIDENCE OF CLASSICS

Further illustrations and amplifications of this material may be found in our classic literature of drama and poetry, *purana* and folklore, as well as in the recorded practice and experience of local conditions by native as well as foreign writers, like Megasthenes. The *Mricchika-Kalika* of Shudraka and *Malavika-Agnimitra* of Kalidass; the *Harsha-Charita* of Bana Bhat and the *Dasha-Kumara-Charita* of Dandi, not to mention the *Katha-Sarit-Sagara* or the *Raja-Tarangini*, the ancient epics or the later kavyas and puranas, are replete with actual illustrations of the precepts, directions, or injunctions of the great Masters. Yet

fuller description in a later age by the Arab genius Al Beruni, or the numerous Chinese scholars, travellers, or Buddhist disciples, coming from a land with a civilization as ancient as our own, provide further testimony for the richness, depth, and variety of Indian thought on these subjects.

#### (g) ROCK INSCRIPTIONS: JATAKAS. AIN—I—AKBARI

These are further emphasised by the unmistakable and imperishable evidence of the Rock Inscriptions, Edicts, of the mighty and devout Emperor Ashoka, and many of his successors who chose or were given the same form of immortalisation. The *Jataka* tales, and the records on the copper plates, or the legends on ancient coins, discovered in every part of India, substantiate the claims of these our native yet ancient sources of information. Even the institutes of Akbar, the *Ain-i-Akbari*, record, after nearly 2000 years, the practical working of these basic principles of Economics evolved in India of Chandragupta Maurya.

As already observed, however, the language of these our earliest available authorities on these subjects is not always easy to understand and appreciate, in all its technical nuances of meaning and implication, by those schooled only in the literary tradition of classic Sanskrit. The literal translation, which appears to be the only possible means of reproduction nowadays, of these technical works and scientific treatises, inevitably suffers, because of the inherent differences in meaning as between the literary and the technical sense of the same terms.

We must further remember that, for a proper, real, adequate conveying of the full meaning and purport, the true picture of our ancient socio-economic system, its ideals and institutions, the modern medium, English, must correspond as nearly in terminology to the true sense of the classic form as possible. At the same time, the English expressions used in rendering ancient ideas must be fairly familiar to the modern student of such subjects, schooled in the Western moulds of thought and experience.

The task of the present day interpreter is, therefore, doubly difficult. Unless he has an adequate knowledge and understanding of the science he sets out to study or expound; unless he has

a real mastery of the ancient as well as the modern medium of expression,—foreign as it is; and unless he has checked, corrected, compared and corroborated, so to say, all available sources of information, native or foreign; unless he has, at the same time, benefited by the evidence of cognate sciences, his task of translation, analysis and interpretation, would be all but impossible.

#### SCOPE OF THIS SERIES

The Foundations of Economics, as laid down in these early treatises or authorities in ancient India, and confirmed by the practice of centuries during the epic and classic, the Hindu and Buddhist, periods of our history, were practically maintained all through the later ages, notwithstanding the advent of alien culture and foreign domination. The basic ideas and age-long traditions, customs or usages, the laws, institutions and organisations, were scarcely affected by these factors. Superficial changes may, no doubt, have occurred; and they could be perceived affecting more particularly the people in the vicinity, or under the influence, of the Court, during the time of the Pathan and the Moghul Empires. But these did not, as they could not, touch the bottom, or alter the normal tenour of the daily life and work of the people. In fact, even those of the masses who had adopted the creed, or accepted the ways, of the conquering invader, were not much affected in the normal routine of their everyday life. And so it is truer than might appear at first glance that Islam was Indianised rather than that India was Islamised, during the five centuries of that domination.

#### VALUE OF SURVIVING LOCAL RULE

In the greater part of India, moreover, the indigenous rule continued; and the institutions giving effect to the ancient ideals flourished without any material modification. The testimony, therefore, of the foreign writers during this period hardly suggests any substantial change in the governing principles of socio-economic institutions coming down from the Vedic age, and developed in their full force on the classic Empires on the Indian soil. The more enlightened, moreover, of the foreign rulers, like Kanishka or Akbar, saw their own advantage, of the people they ruled and the country they held under their sway, in continuing and maintaining native ways and mechanism of life and work, with only such

superficial modification, innovations, or adaptation as they deemed necessary or appropriate. The age as a whole was static; and the people's eye was not fixed exclusively on material goods as the sole means of their well-being. Contentment was a virtue of daily practice, not a mere garb for Sunday wear. Change could not be either lasting or fundamental.

#### CHARACTER AND STRENGTH OF ANCIENT FOUNDATIONS

Though these Lectures deal with the Ancient Foundations of Economics in India, the foregoing remarks have been added to show the depth and soundness of these foundations. They endure even to-day, and to their abiding strength native as well as foreign students testify. Our socio-economic system was evolved for no primitive society of the hunter or the nomad only. Agriculture had been long established, varied and flourishing, with its ancillary branches of essential production of raw materials for industry, dairying, or forest produce.<sup>1</sup> Trade, as a prominent form of economic activity seems to be almost of prehistoric growth; while its indispensable accessories of money, currency, credit, exchange and banking, were very freely used and understood by the mass of the people as well as the trading community and the administrative staff.<sup>2</sup>

The latter worked a fairly wide, efficient, economic and productive system of taxation, state-dues, fees, tolls, produce of public domain or the profits of public enterprise.<sup>3</sup> The place of nature,—in the shape of land, water, forest or mineral wealth,—as a factor in primary production, and of man's labour, his organising genius or administrative skill, was well understood; and so, too, the return due to these from the aggregate produce or the national dividend.<sup>4</sup> The economic thought of today in this country modelled as it is upon Western ideals, and expressed in unfamiliar terms, may give new twist to these foundations; but it cannot alter them radically, basically, essentially, or recast them; much less destroy the institutions based upon them.

1 Cp. Santosh Kumar Das, *op. cit.* particularly the Vedic Period.

2 Cp. A. S. Book II, Chapters XII and XIX.

3 Cp. A. S. Books II and IV.

4 Cp. A. S. Book II, Ch. XIV.

Let me add a word, now, with regard to the scope of these Lectures, and the characteristics of the foundations examined in the following pages. As already remarked, these Lectures will not cover, there is no time to deal with, the entire field of the science of economics, its motive forces, or its working institutions, which had been established thousands of years ago, and which continued to flourish through the centuries following. Only, some of the basic ideas on the main aspects or branches of the science will be considered ; and that, too, just enough to show the peculiar features of these ideas at work. The greatest and the most authoritative treatise-writer, Kautilya, opens his treatise in the following words:

आन्वीक्षिकी चरी वारी दण्डनीतिष्ठेति विद्या : १

#### STRESS ON INTERDEPENDENCE OF COGNATE SCIENCES

*Anvikshaki*, the three Vedas, *Varta* and *Danda-Niti* (the science of politics) are what are called the four sciences. Kautilya is categoric on this point. These only are the four sciences, and from them can be learned all that concerns : *Dharma* (duty) and *Artha* (wealth). He includes in the principal subjects of his treatise *Anvikshaki* = Samkhya, Yoga and Lokayata (Nyaya). *Trayi* = The Vedas, *Varta* = Economics, and *Danda Niti* = Politics. The Vedas teach the difference between *Dharma* (duty) and *a-dharma* or the reverse ; while *Varta* concerns Wealth or its negation. Other writers on the subject confirm and emphasise the same view.<sup>2</sup> Closely examined, it seems to suggest a very close

1 Shama Sastry translates this as follows :—

"*Anvikshaki*, the triple Vedas, *Varta*, (agriculture, cattle-breeding and trade) and *Danda-Niti* (Science of Government) are what are called the four sciences."

2 Says Manu (VII, 43)

त्रैविद्येभ्यस्याणि विद्यां दण्डनीतिं च शास्त्रीयम् ।

आन्वीक्षिकी चारमविद्यां वार्तारम्भांश्च लोकतः ॥

Describing the qualities of a good King, Yajnavalkya (I, 311) says :—

स्वरम्भगोपाद्यन्वीक्षिक्याणि दण्डनीत्यां तथैव च ।

विनीतस्त्वय वार्तायां ब्रह्मां चैव नरादिष्वः ॥

The importance of *Varta* is shown in the *Mahabharata* (XII, 68, 45) as follows :—

वार्तामूलो ह्ययं लोकस्तया वै धार्यते सदा ।

तत्स्वयं वर्तते सम्बन्धदा रक्षति भूमिषः ॥

The verse may be translated as :—"The very root of this world is in *Varta*. The world is indeed sustained by it. As long as the King upholds *Varta*, everything goes on well."

connection and interdependence between all the allied branches of the social science taken collectively, viz. Ethics, Politics and Economics, narrowly so called.

### PRACTICE OF WESTERN CLASSICAL ECONOMISTS

Long before our own times, it seems to have been realised in ancient India that it was impossible and unwise to keep these cognate sciences, relating to man in his everyday affairs of life and rules of conduct, strictly apart. The so-called Classical Economists of the West in the last century seemed to have erred grossly in emphasising excessively the abstract nature of their science, whose laws, precepts, or injunctions, could only be found to be true, if ever at all, by the abstract man, the *homo economicus*, not a reality at any time or in any part of the world. Their error was realised and pointed out, and their teaching was accordingly ridiculed, even by their contemporaries, like Ruskin or Carlyle in England.

### PRACTICE OF INDIAN ECONOMISTS

The Indian Economists, on the other hand, would not and could not consent to such an absolute divorce between the moral and material spheres of life and action; between Ethics and Economics, as the successors of Adam Smith and Ricardo had insisted upon. Their critics rightly dubbed it the "Dismal Science", not only because of its tendency to consider all human values in terms of money only, but also because they seemed to ignore all other wants, all other joys, all other forms of human happiness except those that could be satisfied with material goods, or measured in money. Indian Classical Economists, on the contrary, insisted that production was not only for exchange—for an outside market only; and pointed out that the whole process of production—economic production—was organised, primarily, for use. They would not accept the purpose of life to be incessant struggle for the survival of the fittest, in terms of the physical force or material goods, and emphasised the obligation of civilised society to ensure an equal chance at least for the survival of the weakest.

### INDIAN DISCIPLES OF WESTERN ECONOMISTS

The successors and followers of the Western Economists of the 19th century in India continued the initial error, the origina

sin, of their masters or models; and insisted upon a separation between Economics and Politics, which seemed to be the peculiar offence of the Nationalist-minded India. This doctrine was in the interests of the ruling classes to emphasise, lest the very foundations of their domination be irresistibly challenged by attention being too pointedly drawn to their many sins of commission and omission in their governance of India.

In this connection it may be added that while in the West the attack seemed to come from the moral side, in this country it was from the political angle. The growing consciousness of Nationalism, and the increasing realisation of the interests of this country and its people in ever increasing conflict with those of Britain, made the economic student in this country perceive the basic error of classic economics as applied in India by her British masters. The Indian pupil or follower of that school of thought, actuated by self-interest or instinctive imitation, also joined in the chorus for keeping Economics out of Politics, even when it was impossible not to see that every policy of government, every action of the administration, affected the daily life of the people, and involved consideration of, or dealt with, economic factors.

#### CONFLICT WITH BRITISH INTERESTS

This reaction was particularly noticeable when the policy or administrative action in economic matters affected British interests which were opposed to those of India. The ancient Indian economist had, from the start, avoided this error. It was not because he did not realise the importance of the material requirements of existence, or neglected their bearing on the welfare of man. In fact, amongst the four *Purusharthas*, our ancient law-givers and treatise-writers insisted upon *Artha* or material gain proper, not only as important as any of these three—*Dharma*, *Kama* and *Moksha*—but placed it on a par with *Dharma* (duty), *Kama* (love or desire), and *Moksha* (final emancipation from *Karma* or the toils of life). Says the author of the *Artha Shashtra* (I. 2)

सांख्यं योगो लोकायतं चेत्यान्वीक्षिकी । धर्माधर्मो त्रयाम् ।  
अर्थालयी वार्तायाम् । नयानयी दण्डनीत्याम् । वलावले चैतासां  
हेतुभिरन्वीक्षमणा लोकस्योपकरोति, व्यसनेऽन्युदये च  
तुष्टिमवस्थापयति, प्राप्तावाक्यकियोवैशारदं च ज्ञातोति ।

"The philosophies of Samkhya, Yoga and Nyaya are comprised in *Anvikshaki*. The three Vedas (teach) duty or the reverse of it. *Varta* (or the Science of National Economy) includes wealth or its lack. The Science of Politics instructs us in the expedient (just?) or inexpedient (unjust?) potency or otherwise. Ascertaining with reasons the strength and weakness of these Sciences, the science of *Anvikshaki* is most beneficial to the world, keeps the mind steady and firm in prosperity and adversity, and grants excellence in thought, speech and action."

Nothing can show the basic unity and interdependence of the social sciences, as understood and taught by India's ancient sages.

The duties, *Dharmas*, of the different stages (*Ashramas*) of life for the individual, already indicated above,<sup>1</sup> and of the different classes (*Varnas*) of Society, laid appropriate stress upon *Artha*, according to the age and condition of the individual concerned, without neglecting any other of these four *Purusharthas*. *Dharma* itself is made dependent upon *Artha* which is described as the essence or root, the prime mover, so to say, of all other *Purusharthas*<sup>2</sup> including *Dharma*.

#### NATURE AND PURPOSE OF MATERIAL WEALTH

This close connection between Economics, Ethics, and Politics is thus fully recognised from the outset. Material gain for the individual, or his prosperity, is a principal, but not the sole, object of life. In fact, it would be more correct to say that material prosperity,—*Artha* proper,—is a means to an end; and the end is the ultimate salvation (*Moksha*) of man, his emancipation from the coils of *Karma*, and incessant travail of birth and rebirth. For a country, a nation or state, the economic prosperity means the stable, peaceful, smooth maintenance of the social structure, of the organisation and institutions of the community, which were presumed to be of Divine origin and designed to provide means, and opportunities for every individual to secure a decent existence; to ensure an adequate self-expression, self-fulfilment, self-realisation; and to achieve thereby his own release from the bondage of the earthly existence. According to the oft repeated verse of

1 See ante Page. 23.

2 The *Purusharthas* are *Dharma*, *Artha*, *Kama* and *Moksha*.

*Shukra-Niti*<sup>1</sup>, the first King was created because, in the state of anarchy when the strong destroyed the weak, like the larger fish the smaller in the Ocean, he was a sort of guardian of the weak, a protector of the mass, an upholder of its interests, a power and authority to see that the appointed *Dharma* of each sector, of each person, in each stage of life was duly discharged.

#### IMPORTANCE OF AGRICULTURE

Let us next consider the connotation attached to economics by our ancient authorities. *Kautilya* defines *Varla*—

Agriculture, Animal husbandry and Trade constitute *Varta*.

कृषिपाशुपाल्ये वाणिज्या च वार्ता ।

It is beneficial because (it) brings grain, cattle, gold, forest-produce, and free (cheap) labour.

भान्यपद्मुदिरप्यकुप्यविद्यप्रदलादैरकारिको ।

By its (*Varla's*) means (the King) subdues (makes dependent upon him) his own as well as the other side, with the help of his army and his treasure.

तथा स्वपक्षे परपक्षे च वशीकरोति कोशादप्तव्याम् ।

In this scope assigned to the science of Economics by its most authoritative exponent, agriculture is given pride of place, with its associate, ancillary occupation of Animal Husbandry. This prime importance of Agriculture, the basic source of new wealth production, was always characteristic of India's national economy throughout the centuries upon centuries of her history. *Shukra*<sup>2</sup> also gives the same importance to Agriculture;

1 अराजके हि सर्वेष्मन्तर्वतो विद्वते भयात् ।

रक्षार्थमस्य सर्वस्य राजानमलज्जत्वम् ॥ (*Shukra Niti* I. 71 = *Manu* S. VII. 3 )

स्वभागवृत्या दासत्वे प्रजानां च नृपः कृतः ।

ब्रह्मणा स्वामिलपस्तु पालनाय हि सर्वदा ॥ (*Shukra Niti* I. 188 )

वालिष्ठेन शुल्केन दण्डेनापराविनाम् ।

शास्त्रानीतेन लिप्सेद्या वेतनेन धनागमम् ॥ (*Mahabharata* XII. 71-10)

also cf. *Kautilya's AS*. I. 4 and 13; *Kamandaki's NS*. II. 5-40; *Ramayana* II. 67, 31, *Mann* VII. 20

2 कुसीदकृषिवाणिज्ये गोरक्षा वार्तायोन्यते ।

संपत्तो वार्ताया साहुर्न वृत्तेभयमृद्धति ॥ (*Shukra Niti* I. 156)

*Kusida* is money lent out on interest, or what we might call "capital" in modern economic terminology. The *Bhagavata Purana* follows similar classification:—

कृषिवाणिज्यगोरक्षा कुसीदं तु यं सुच्यते ।

वार्ता चतुर्विधा तत्र च यं गोवृत्तयोऽनिश्चम् ॥ X. 24. 21

and if the cattle wealth, in his system, takes the third place, in order of mention, it may be due rather to the needs of the metric form in his statement, than to the actual order of importance he really assigned to that item. The importance of *Varla* (National Economy as a whole) is, however, nowhere underrated. In fact, Kamandaka goes to the extent of saying, "The world, even if breathing, will not be alive, if *Varla* is destroyed."<sup>1</sup> Kautilya himself, indeed, ascribes the obvious attributes or functions of the Science of Economics to that of politics ; अलव्वलभायो लव्वपरिविक्षिणी रक्षितविवर्यनी वृद्धस्य तीयेषु प्रतिष्ठानी च<sup>2</sup> which may be translated freely :—"It aims at obtaining that which is not available; preserving that which has been obtained, increasing that which has been preserved; and utilising the increased (wealth) in proper (holy?) places". In a later Book (XV) of his great Treatise, Kautilya defines *Artha* as follows :

मनुषाणां वृत्तिर्थः । मनुष्यवती मूमिरित्यर्थः ।  
तस्याः पृथिव्या लाभपालनोपायः शास्त्रमर्थशास्त्रमिति । (P. 426)

The late Pandit Jayaswal translates the passage : "Artha is human population, that is to say, territory with human population. The Code of Artha (Common wealth) is a code dealing with the means (Art, *upaya*) of acquisition and growth of that territory."<sup>3</sup>

"We may explain this, however, by the intimate indissoluble, inseparable connection which the Economics had in the mind of the sage with the Politics. At one time the former is treated as the end of the latter; at another *vice versa*. Says Shukracharya.

कृपिस्तुत्तमा वृत्तिर्थं सरिम्मालुका मता ।  
मध्यमा वैश्यवृत्तिर्थं शुद्धवृत्तिर्थं चाभ्यमा ॥  
याज्ञाधमतरा वृत्तिर्थं चमा सा तपस्त्वितु ।  
कृचित्सेवोचमा वृत्तिर्थं शीलनृपस्य च ॥

1. आयत्तरक्षणं राजि वाती रक्षणमाधिता ।  
वातीच्छेदे हि लोकोऽयं व्यसनापि न जीवति ॥ (Kamandaka Nitisara 1. 12 Trivandrum Sk, Series No. XIV).
2. Artha Shastra, Mysore Edition, p. 9.
3. K. P. Jayaswal, Hindu Polity, p. 5.

आत्मवंवादिकं कर्म कृत्वा या शुद्धते भूति: ।

सा किं महावनार्थेव वागिन्यमलभेद किम् ॥

राज्यसेवां विना द्रव्य विपुलं नैव जापते । (Shukra NS. III. 274-277)

The highest occupation is Agriculture, which is said to have rivers for mothers. The middle (rung of) occupation is trading and the lower serving. Beggary is still lower, except that in the ascetics it may be the highest form; and serving a King devoted to his (Duty) may also be regarded as the highest. The income derived from payment for priestly functions cannot be for a very high accumulation of wealth; commerce enough? Without the service of the King vast wealth cannot be acquired.

In the Mahabharata also:—

यो हातिभीविरेद् भैश्यो कर्मणा नैव कस्यचित् ।

समारम्भान दुमपेत हतस्वस्तिरकिञ्चनः ॥ (XII 8. 6)

'He, whose happiness is destroyed and who is poor, may desire to live by begging and may not desire to acquire by means of valour the wealth of others.'

#### AGRICULTURE IMPORTANT IRRESPECTIVE OF CASTE

In this conception of the dignity and importance of Agriculture, no differentiation by caste is recognised. Brahmins as well as Kshatriyas are alike entitled to engage in agriculture; and the Vaishyas and Shudras are so only in a somewhat lesser degree. In Aryan or Vedic times the upper classes were, at least in peace-times, by preference, cultivators; while in classic days "Even a Brahmin could take to Agriculture" says Prof. Rangaswami Aiyangar; "provided he did not touch the plough."<sup>1</sup> "No one" says Shukra—acharya "is by birth (Jati) a Brahmin, Kshatriya, Vaishya or Shudra; nor even a Mlecha. They are all distinguished from one another" by their doings and their work.<sup>2</sup>

*Artha*, material wealth, or means to achieve the ends of life, is given very considerable importance in the great Epics. In the *Ramayana*, Ayodhya Kanda (ch. 100,47) Rama enquires of Bharata:

कविसे दविता: सर्वे छविगोपत्रजीविनः ।

वार्तायां संभितस्तात लोको हि सुखमेवते ॥

1. Cp. Rangaswami Aiyangar, op. cit. p. 77.

2. न जात्वा ब्राह्मणक्षात्र द्वावियो वैश्य पत्र न ।

न शश्वो न च वै म्लेच्छो मेदिता शुणकर्मभिः ॥ (Shukra NS. I. 38)

"Are all your people engaged in agriculture and stock-breeding? People adhering carefully to Varta, indeed live comfortably."

And the Mahabharata says equally emphatically:—

अर्थादर्मस्य कामज्ञ स्वर्गाद्यैव नराधिप । (XII. 8. 17)

अर्थादेतानि सर्वाणि प्रवर्तन्ते नराधिप । (XII. 8. 21)

"From wealth comes all religious acts (like charity); it is the means of enjoying all pleasures; heaven itself can be attained, Oh King (through Artha), Wealth". It goes on to say "Wealth brings more wealth."

अर्थस्यां निवृत्यन्ते गच्छेत्वा महामात्रः । (XII. 8. 20)

Neither this world nor the next is for the wealthless, and so poverty is a sort of sin in this world"

नाधनस्यास्त्ययं लोको न परः पुरुषोत्तम । (XII. 8. 22)

दारिद्र्यं पातकं लोके । (XII. 8. 14)

This importance of the primary source of production or, in fact, of all forms of wealth, must, however, not be considered apart from the demands of Ethics. The Artha-shastra is very definite on that point.

संस्थया धर्मशास्त्रेण शास्त्रं वा व्यवहारिकम् ।

वस्तिमत्त्वे विरुद्धेत धर्मेणार्थं विनिश्चयेत् ॥

"Whenever in any matter there is a conflict between administrative law on the one hand and traditional code (sacred Law) on the other hand the matter must be settled in accordance with Dharma, sacred law". The Legislator Yajnavalkya is equally clear:<sup>2</sup>

स्मृत्योविरोधे न्यायस्तु वलवास व्यवहारतः ।

वर्थशास्त्रात् वलवद् धर्मशास्त्रमितिरित्यतिः ॥

1. Kautilya's Artha Shastra III., I p. 150 Mysore Edition. The correct reading is संस्थया and not संस्थयाः as in the Mysore ed.

2. Yajnavalkya II, 21.

"When two Smritis conflict with each other the question should be solved with the help of the principles laid down by old usage. The rule is, when Economics comes into conflict with the sacred Law (Dharma Shastra) the latter is the more forceful (acceptable)."

Narada is still more explicit. In his opinion, if and when there is difference or discord between Artha Shastra and Dharma Shastra, one must ignore what the former says, and act in accordance with the latter.

यत् विप्रतिष्ठितः स्याद्दर्मशास्त्रार्थशास्त्रयोः ।

अर्थशास्त्रोत्सुख्य धर्मशास्त्रोत्तमाचरेत् ॥ I 1.39

The King, however, must, according to the time-honoured teachings of the epics, be well versed in not only the Vedas, but also the Science of Politics; not only in general philosophy (Anvikshiki) but also in Economics, so that he may take a balanced view of all relevant yet conflicting considerations.<sup>1</sup>

The great savant, teacher and minister, the author of the Artha Shastra himself declares:—<sup>2</sup> धर्मार्थाविरोधेन कामे संचेत न निसुखःस्पातः । समं वा विवर्गमन्योन्यामुवर्धनम् । एको शत्यासेवितो धर्मार्थकामानामात्मानमितरी च पीडयति । अर्थं पव्र प्रधानं इति कौटिल्यः । अर्थसुलौ हि धर्मकामी इति ।

"Without conflict with his duty or (opposition to) wealth, (the king) may seek fulfilment of his own desires, so that he may not deny himself happiness. He may equally enjoy life, charity, wealth and desire which are mutually interdependent. Any one of these, enjoyed to excess, hurts not only the other two, but injures itself also".

#### CAPITAL

After Agriculture, Stock-raising (and dairying), comes Trade, under the *Artha-Shastra*, denotation of Economics. Other writers have, as already pointed out, included *Kusida* or capital, on the same level. Kautilya too mentions, after grain and cattle, gold (or bullion) as one of the principal forms of wealth, and means of wealth-production. *Trade*, as the source of such liquid,

1. Cp. Mahabharata, Vana Parva 67, 35.

2. Artha-Shastra Bk. I. Ch. 7.

mobilised capital, readily available for investment in further production, is emphasised equally by all writers. Prof. Rangaswamy Aiyangar, to whose Lectures on our Ancient Economic Thought I am much indebted, is of the view that there was a shortage of Capital in this country in those days.<sup>1</sup> He gives some good reasons for taking this view particularly the many and heavy burdens the State levied on the people,—or rather the producing sector. That and his other arguments, would go rather to show that what fluid Capital there was in the country was mobilised and held by the King, or the State, than that there was a scarcity of it, using the term Capital in the modern sense. The State needed it, both for the purposes of normal government, including civil administration and provision for defence, as for carrying on the many ventures the State was enjoined to conduct as Collective business. The stories, moreover, like that of Anatha Pindika, who is said to have rented a whole garden for the accommodation of the Buddha and his disciples during a rainy season, covering every inch of the ground with gold coins, go a long way to disprove the contention of the learned Lecturer. We shall have occasion, however, to consider this matter from another angle; and, therefore, at this point, may content ourselves with the observation that there was no lack of any of the principal factors of producing new wealth in the country in time of which we have any reliable record.

#### TRADE

A very interesting section of the Artha Shastra is devoted to Trade and traders, their organisations, like *Shreni* ( guild ), and duties; the taxes and other burdens upon them; their safety and movements, transportation or communications, by land or water; weights and measures, credits and currency. It is impossible within the space at our disposal to give any details from the Master's Treatise on this subject. But the Dharma Shastras, or Smritikaras, are in no way backward in recognising the place of commerce in the scheme of national economy of those days.

#### FOREST PRODUCE, MINERALS, FISHERIES AND LABOUR

Forest produce is specifically mentioned by the Master as among the forms of wealth; and so is labour. It is worth noting,

1. Op. Cit. p. 67 et seq.

at this stage, that Mines and Mineral Wealth are not mentioned in this description or categorisation of Wealth, though a very considerable section of the *Artha Shastra* is devoted to that subject. He seems to be very much in advance of our own times on this subject, since, as we shall see later on, he enjoins complete state ownership and direct state operation of this form of sub-soil wealth. All the factors of production, to use modern terminology, are thus vividly present in the Master's mind; and detailed regulations are prescribed by him for their proper utilisation.

#### PLACE OF MATERIAL WEALTH IN INDIAN ECONOMICS

Subject to the demands of the ethics or the precepts of the Dharma-Shastras, the ancient define a variety of ways for acquiring wealth. If we look to the dictionary meaning of the term (धन) wealth, it connotes a variety of qualities and attributes which indicate the width of conception in our classic authors. Says Amara Simha, the well-known Lexicographer:—

द्रव्यं वित्तं स्वापतेयं रिक्ष्यसृक्ष्यं धनं चसु ।  
हिरण्यं द्रविणं युम्नमर्थं रैविभवा अपि ॥<sup>1</sup>

धन or wealth is equivalent to,

1. Dravya or substance
2. Vitta or that which is earned.
3. Swapateya or that which is one's own property.
4. Hiranya or gold (or silver or mobilised wealth).
5. Artha or result of accumulation.
6. Shri, or Lakshmi, or Vibhava or prosperity.
7. Bhogya or that which is capable of enjoyment.
8. Vyavaharyam—that which is transferable—negotiable,—and, therefore, capable of being subject-matter of disputes.

These various qualities are rightly summarised by Prof. Rangaswami Aiyangar in four characteristics of "Wealth" or "Dhanam" as conceived by Indian Economists of our classic age:—material, consumable, appropriate and transferable.

1. Cp. Amar Kosha, II 9, 90. cp. also Prof. K. V. Rangaswami Aiyangar's "Aspects of Ancient Indian Economic Thought", pp. 20-21.

## OBJECT OF WEALTH ACQUISITION

The acquisition of wealth, or, if the phrase is more acceptable to modern ears, the process of its production, as well as its utilisation or distribution, is likewise included by the writers of the Imperial Age of our history in the scope they assigned to the Science of Economics. The first of our Treatise-writers on Artha-Shastra declares the purpose of wealth to be utilisation in proper objects सीर्वेषु प्रतिपादनौ. Though immediately he uses the phrase in connection with Danda-Niti, the science of Politics, the indissoluble connection between the two sister sciences, and the later sections of the Master's own work leave no doubt about the utilisation of wealth. Material wealth is, they say again and again, not an end in itself; but a most important means to the main objectives, *Purusarthas*—of life. We shall accordingly see later on how wealth was distributed, how the national dividend was ordained, and how that ordaining helped to maintain and up-hold the scheme of life they conceived to be of Divine origin. It is enough to note here the advice of Shukra.

क्षणादः कणश्चैव विद्यामर्थं च साधयेत् ।  
न त्याज्यौ तु क्षणकणौ नित्यं विद्याधनार्थिना ॥  
सुमार्यापुरमित्रार्थं हितं नित्यं अनाजेनम् ।  
दानार्थं च विना त्वेते किं धर्मश्च जर्मश्च किम् ॥

"Wealth is to be acquired grain by grain, as learning is to be acquired, every moment. Any one who is anxious to acquire wealth or learning should not neglect either a grain or a moment.

Acquisition of Wealth is always beneficial if it is acquired for the sake (for the maintenance) of a good wife, a son, or a friend; or for giving away (charity). What is the use of either wealth or servants except for these purposes?"<sup>1</sup>

These injunctions are of something more than merely of platitudinous importance. Given the relatively small scale of production in those days, given also the rules governing the prices to be charged of which we shall have more to say later on; and given the variety and multiplicity of State dues, the need to accumulate wealth grain by grain must be unquestioned. It inculcates habits of saving, the source of new capital to further production, which was reinforced by such popular counsel as

1. Cp. Shukra NS. III, 174-175.

that wealth (मर्य) must be preserved to help one in times of adversity. Famine was even in those days a common calamity; and insurance against its ravages was a normal necessity for the people and the State. But we shall deal with these topics at a later and more appropriate stage in these Lectures.

#### METHOD EMPLOYED IN THIS SERIES

Before concluding the present Lecture, a word may be said as to the method adopted in this Series, and the subjects dealt with in the succeeding Lectures. As already observed, it is impossible, within the scope of three Lectures, to cover the entire ground of the economic science, as conceived, formulated and developed in all its branches or ramifications by our ancient sages. One can but attempt a broad outline of the principal topics, forming part of the Science, on its theoretical as well as practical or applied side. Accordingly, in the present Lecture, I have explained the nature of the subject, its broad scope, and the material, indigenous or foreign, available for the purpose. The common handicaps in interpreting this material claim considerable space in this Lecture, if only to guard against some common pitfalls. In the next Lecture, I shall try and review the organisation of production in those days, —Production of new wealth in all its forms, and the socio-economic institutions, or ideals on the subject. The regulations governing the distribution of wealth, and its consumption, including the rules relating to wages, Interest, and profits, the standard of living and the means to realise it. The incidents or accessories of production and distribution like Trade, local or foreign, and its ancillaries of Currency and Credit, will be considered in the next Lecture. The share of the State in the wealth or produce of the people, or Taxation of all sorts, its basis and justification, its levying incidence and collection as well as disbursement, indicating the role of the State in the process of Production and Distribution will be examined in the last lecture. Wherever possible or available appropriate ancient authority would be adduced to reinforce the arguments advanced or the viewpoint held; and care shall be taken to render these authorities and their injunctions in as closely corresponding and expressive modern English terminology as possible. These original authorities though sound and reliable in themselves, will be checked and corroborated or

verified wherever independent testimony is available for the purpose. It is hoped the picture, even though in outline, when unfolded under these precautions, will prove as interesting and dependable as the Lecturer trusts it will be.

It may also be pointed out, while concluding this Chapter, that in the last quarter of a century, the Russian model has made planned economy a most popular or fashionable panacea. Such a plan would embrace the whole country, all its production resources, all its distribution, regulations, institutions or machinery. Planning, as now understood, is a comprehensive coordinated, simultaneous process, comprising all the several means of production, including not only agriculture, industries, mining or forestry, but also all utilities, services and amenities. It concerns all distribution, including the due return to every factor of production, and administration, securing or assuring to each means of adequate consumption, obtained through the return for work by regulation of prices and control of quantitative and qualitative consumption. This, in its turn, is facilitated and implemented by the State, through its power of taxation, of all sorts including gains from public domain and State enterprise, as well as all incidental activities such as Trade, Transport, Banking, Currency, Insurance etc. The success of such Plans is gauged by goals set in advance, with definite stages for each period, each stage being tested by its own norm of attainment. This kind of planning may be long-term as well as for specific short-term periods to regulate the pace of development and expansion.

The *Varna*—*Ashrama*—*Dharma* of ancient Indian Polity and Economics is a long-range, or permanent plan embracing every class in the entire society. It applied to every individual, in his several conditions of age, work, or situation. No one could be workless. None could have work inappropriate to his ability, training, aptitude, or attainment; nor could any work be inadequately remunerated. The young and the aged would be cared for, provided with such work as they may be able to do, or even without any direct material contribution to the wealth of the community. As will be shown in the succeeding Lectures, by specific authority of the *Artha-Shastra*, and other analogous

यावज्जीवेत् सुखं जीवेद्धर्णं कृत्वा वृत्तं पिवेत् ।  
भस्मीभूतस्य देहस्य पुनरागमनं कुतः ॥<sup>1</sup>

"While you are alive, live well; drink ghee even if you have to incur debt (for that purpose). For how can there be a coming back of that body which (will be) burnt to ashes (after death).?"

This is the philosophy of the hedonist who could not find a congenial soil in ancient India; and, therefore, even when Imperial splendour was at its highest, the cult was never taught in all its crudity. Even the staid Shukracharya has a hit at this school, when he ironically observes: आहारे व्यवहारे च त्यक्त्वाः सुखी मवेत् । (III. 192) Such items, therefore, as the wages of labour, or craftsmen working on their own interest on loaned money or capital, or the profits of Agriculture, Trade, Mining, Forestry, or any other primary industry, must be considered as integral part of the entire science, which must conform to the basic ideals and objectives prescribed by the ancient sages. If the science of Economics as a whole cannot be considered by itself, *a fortiori*, its several branches, items or departments cannot be considered, except on the background and the general purpose of the prevailing social organisation and economic functioning ordained from old.

Before we pass on to specific points in this Lecture, we must dispose of some common misapprehensions about the nature and working of the socio-economic system in India. Western writers have taken and spread the view that Indian society was dominated by Status, acquired mainly by birth; that the essence of social progress lies in the freedom of the Individual to Contract; and that, consequently, social progress and economic adventures have been arrested in this land since the days that the Caste system, with all its incidents and consequences, became crystallised. Sweeping generalisations of this kind may be tempting, as they are facile, to hit off pithily and picturesquely a complex and changing phenomenon which defies analysis or chronological envisaging. Status as acquired, principally by birth,

1. Cp. Some Aspects of Ancient Indian Economic Thought, by Ranga-swami Aliyangar pp. 43-44.

Treatises, the scheme of life practised in India 2000 years ago and more, and surviving till quite recent times, showed an example of comprehensive coordinated planning which has yet to be correspondingly conceived or similarly attained in any part of the world.

## Ancient Foundations of Economics in India: Lecture II

### SOCIO-ECONOMIC INSTITUTIONS AND ORGANISATIONS, PRODUCTION, TRADE AND DISTRIBUTION

Having considered the meaning and scope assigned to the Science of Economics by our ancient Treatise-writers; having postulated the close interdependence and mutual correlation between the trinity of Economics, Ethics and Politics; having noted the meaning and purport of *Artha* (Wealth) and *Varta* (National Economy), we may now proceed to consider the socio-economic organisation under which the economic activities of Production and Distribution were carried on in those days.

This will comprise not only the organisation and functioning of the wealth-producing machinery proper, but must also involve a passing glance at the main factors of production, such as Nature and Man; or, as the classical Western Economics have taught us to categorise:—Land, Labour and Capital. Such off-shoot activities as Trade, internal as well as foreign, its nature and place in the general scheme of national economy and its accessories of weights and measures, credit, currency and banking, will likewise be noticed briefly. The Distribution of Wealth, to use, once again, the terminology of Western Economists of latter-day origin, will be treated as the reflex, so to say, of the process of Production.

Wealth production, and material wealth, at that, was, with our ancient savants, it cannot be repeated too often, not an end in itself. The use, enjoyment or consumption of wealth, therefore, must be understood to be for ends not strictly correlated with creature comforts of the individual cynics and sceptics were not wanting even in those days, who advocated the philosophy of *carpe diem*. The school of Brihaspati, mentioned again and again by the standard work on *Artha Shastra*, made no secret of its disbelief in the immortality of the soul, or the futility of non-material objectives. The disciples of that school frankly said:

and sometimes by occupation, marriage or as the result of War, was a common feature of all social organisation in Europe as in Asia. And even with the advent of the so called emancipation of the individual from the bonds of status, and the attainment of the right to Contract the freedom of the individual, in matters social or economic, is neither universal nor unexceptioned. The XIX century Britain may have approximated to that ideal. But the idea of complete individual freedom in a complex, organised society is a contradiction in terms. Only the cave-man or the savage in the jungle can be truly independent. Civilised, organised, industrialised community can allow no such freedom of the individual as the Victorian Economists postulated as the cornerstone of their ideal. New forms of Status, new bonds and restraints arising out of that - like the citizenship of a State or membership of a Trade Union, are playing the same role perhaps more rigidly in the socio-economic systems of today, in communist-Russian no less than in individualist America than at any time in Indian history.

This by itself, would not dispose of the charge that the Indian system was dominated by Status, and so impeded, obstructed, or defeated the freedom of movement, of association, or enterprise. Tradition as well as recorded history, however, knows of many outstanding examples which go a long way to show that the universality of the ties of birth, of Caste, or even of allegiance, restricting the development of the exceptional individual was by no means so perfect as European writers on India have imagined. Indian writers in recent times have found Shastric authority in abundance for postulating the independence of the individual, in a measure sufficient to permit the fullest degree of self-expression or self-realisation to a Vishwamitra or a Shambuka. The very fact that the most ancient of the Law-givers lay down rules for marriages outside the Caste, and regulate the devolution of property in the case of the progeny of such marriages, should suffice to show that the socio-legal system was not so rigid as to become irresistible, nor so universal as to become an obsession. In the choice of Ministers, again, particularly the Minister of the Armed Forces, the king was enjoined to employ a brave soldier, well—versed in the science of war, whether he was a Brahman, Kshatriya, Vaishya,

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Shudra or a mix-breed, if such a person be suitable for the task<sup>1</sup>, while the authority, already quoted, of the same ancient writer, would show that Caste itself was not determined entirely by birth; and that individuals were distinguished from one another by their merits and their deeds.<sup>2</sup> If birth, the superhuman factor, could be thus circumvented, and its influence in determining the place and work of the individual rendered nugatory, all other bonds cannot be more stringent or inflexible. The founder himself of the great Maurya Empire was an illegitimate scion, born very likely of some slave-girl, of the Nanda Emperor. That did not prevent him from taking the highest place among the Kshatriyas, — the second of the principal castes of those days. It may, therefore, be fairly concluded that the belief about Status governing the life and role of the individual was more a creation of the imagination of superficial observers from an alien clime than the outcome of profound study and real understanding.

It may be noted, however, that there is a definite prohibition against a Yayana (Greek) or a foreigner being appointed to the post.

Another similar misapprehension about life in ancient India is the general belief that society here was and has remained, perhaps, static, and not dynamic as modern *Western* communities are claimed to be. In other words while India has been standstill, Western countries, their economy and culture have been progre-

1. स्वधर्मनिरता नित्यं स्वामिभक्ता रिषुद्विषः ।

शृणु वा शक्तिया वैद्या ग्लेच्छाः सद्गुरसम्पवाः ॥

सेनाधिपाः सैनिकाश्च कार्यी राजा अयाधिना । (Shukra NS. 137, 138)

सेनापतिः शर एव योत्यः सर्वास्तु जातिषु ।

सप्तशुरचतुर्दर्शीवर्मोऽयं नैव पावनः ॥

यस्य वर्णस्त्वय यो राजा स वर्णः सुखमेषते । (Shukra NS. II. 430, 431)

The verses from Shukraniti have been taken from the Hindi Edition of Shukraniti translated in Hindi by Pandit Gangaprasad Shastri, Delhi. In some cases notes on these verses have been taken from Prof. Binoy Kumar Sarkar's translation ( Sacred Books of the Hindus Vol. XIII ) which will be specifically mentioned.

2. Shukra NS. I. 38

ssive. This involves, in the first place, a question as to what is meant by the two contrasted terms ? How is progress, or Dynamism, to be measured ? Our ideas on the subject cannot be, and have not remained, stationary. Nor have the norms, the indices, by which such phenomena could be measured, remained unchanged. What, therefore, could be justly taken as an index and a measure of change, growth, development, or progress in one country, or in one age, cannot be so adopted and accepted in another. Britain began the era of modern mechanical and industrial progress. It took British Industrialism, and its offshoots like Trade Unionism or cooperative production and consumption, a century to reach its highest point. The same level of Industrialisation and Mechanisation was attained by Germany and Japan in a comparatively much smaller space of time. America entered the same race long after Britain had made the first faint beginnings; but in the century following the establishment of American Independence that country attained a far higher degree of industrialisation and mechanisation, in material wealth and other indices of comfort or wealth than Britain in the same period. And the differentiation still continues. Does that mean Britain is more static and America more dynamic ? The progress of thought in India, as expressed in the several Schools of Philosophy, or as evidenced by the growth of such rebel religions as Buddhism or Jainism, is ample evidence that, in the India of two or three thousand years ago, intellectual freedom of the individual and the achievements in that domain, were by no means insignificant or incomparable to those of in other lands. Progress cannot be measured always by mundane or material standards; and the contrast, therefore, between a static and a dynamic socio-economic system must not be judged by the outward symbols most commonly in use in the industrialised communities of today.

The items to be considered in this and the following Lectures would be the several socio-economic institutions and organisations, which regulated and determined the life and work of the people in those days. It is necessary to discuss these as a sort of prelude to the main discussion, because they form the background, and without an understanding of the background it would be impossible to understand the nature and working of the system itself.

The most important of the institutions are :—

1. The State, which has a most direct, and vital bearing on the economic life and work of the community.
2. The Varna-Ashram-Dharma, the division of the people into four main strata and stages of life more familiar to us under the style of the Caste System, assigning his due place to each individual, had no less bearing on the social organisation as a whole, and therefore, on the individual living under it. It was all pervading, and, in a manner of speaking, transcending the State in its fullness and universality within this country.
3. The cross division of individuals, on the background of the Varna-Ashrama-Dharma, into Shreni, Gana, Kula, Jati, Puga, Sartha, and the like, formed more definitely for purposes of Trade or Industry, including the co-operative society with which India was intimately familiar in the days of Chanakya, were more particularly concerned with every-day work, and living standards and conditions, than the overall influence of the more basic, more permanent, more religious, organisation of the Caste and the Ashrama.
4. Corporate life in the village or the town had both economic and political functions to discharge, overriding the Caste and occupation.
5. So also had the Family, the Tribe, or the assemblage, Kula and Gana ; which were not mutually exclusive or distinct. In fact the definition of Gana is कल्याणं समूहः = (Kalyayana in Viramitrodaya p. 426)—a collection or group of families.
6. Such ancient institutions as Marriage and Family with all the consequent relationships including the rules governing Inheritance or Adoption ; and such modern problems as Population in relation to the means of Subsistence for the community occupied more than one section of the Dharma Shastras, as well as *Artha Shastras*. They included all the remedies for excessive population such as Emigration or Colonisation, to which increasing importance is being attached in modern times.

7. Finally, property, in material goods particularly whether in the primary forms of wealth-production like the gifts of nature, or those brought about by the labour, skill or science of man, was the rock bottom, so to say, of all economic activity,—though not in the rigid form modern individualism would make out that ancient institution to be. Ownership use, exploitation, and enjoyment of property (or possessions,) coupled with the right to alienate in any of the several forms ancient society seems to have recognised and permitted in India from the earliest times, as also its descent or transmission from one generation to another, have claimed and occupied no inconsiderable attention of the ancient law-giver, statesman, and economist.

With the mention of the last two social institutions,—Property and Inheritance,—the latter incidentally, we come to the borderland between Economics and Polity. Not accepting the idea of a clear division and demarcation between these social sciences concerning man in his daily pursuit of happiness, the frontier line between them is not of much concern to us, except, perhaps, to emphasise the mutually complementary and supplementary function of these institutions.

8. The more directly economic institutions of ancient times, even now not quite without their vitality, may be found in the Workers' or Craftsmens' Guilds, which may be compared to the present-day Labour Organisations. There was also the Merchant Guild which corresponded closely to the Guild Merchant of medieval Europe.
9. The institution of Slavery, of doubtful existence in ancient India, may be part of these organisations; while the place of woman in the socio-economic frame-work of ancient India may be placed on a par with the preceding, without, of course implying any affinity or connection between the two in status or function, rights and obligations.
10. Money Economy is, along with the phenomenon of Exchange or Trade, a coeval part of the social system from

its earliest days. The use of coins or currency, and their substitutes corresponding to the modern banking system and its instruments of Credit was equally familiar to the Aryan of the North as to the Dravid of the South, without probing further into the question as to who evolved them first.

As mentioned already in the preceding lecture, it will, of course, be impossible, within the scope of these discourses, to deal with each of these, and all their implications, characteristics or connections, with any degree of fullness. Each of the institutions named above would, and do, occupy several treatises by itself; and even then would not be fully discussed. Their ramifications, too, are many and various, adding to the complexity of the issues involved. All that can be attempted here is a brief notice of each, with special reference to the economic aspect of the institution considered, together with such of their attributes or incidents as are inseparable from the main consideration. The original authorities in support of our statements will continue to be the same as in the preceding Lecture. Though the temptation is very strong to quote at length from these highly suggestive words of the Ancient Masters, every endeavour will be made to keep these original sources to the minimum indispensable, contenting ourselves, for the rest, with bare reference.

#### THE STATE

The nature and function of some of these institutions, with special reference to their economic aspect, may next be considered. The State seems to have been, on the authority of all authorities in India, organised and in active existence, even in Vedic times. In a classic passage it has been compared to a full-grown tree:—

राज्यवृक्षस्य नृपतिश्चैव स्कन्धात् मन्त्रिणः ।

शास्त्रः सेनाधिपाः सेनाः पद्मवाः कुसुमानि च ।

प्रजाः कलानि भूमाना वीजं भूमिः प्रकलिप्ता ॥ (Shukra NS, V. 12)

"The State is a tree of which the King is the root, and the counsellors, the main branches; the commanders are the ( lesser ) branches, the armies are the blossoms and flowers, the people are

the fruits and the regions—the land—is the seed'.

Though its most prominent, and, historically, the most interesting and continuous form was Monarchy, India was rich in Republics and Oligarchies from time immemorial. And those Republics, or rather the most considerable of them, lasted for centuries upon centuries. Their importance may be judged from the fact that an Imperialist and Centraliser like Kautilya enjoins upon his disciple and his successors to destroy them by every means in their power.<sup>1</sup> In his very erudite and highly informative Research Work on *Hindu Polity*, the late Shri. K. P. Jayaswal has devoted long chapters to the history, constitution and description of the most famous of these ancient Republics, and enumerated almost all that he could trace. The socio-economic importance of the State, as embodied in Kingship, is emphasised in the *Shanti Parva* of the *Mahabharata* in these famous verses.

कालो वा कारणं राजो राजा वा कालकारणम् ।  
इति ते संशयो मा भृत्राजा कालस्य कारणम् ॥  
दण्डनीत्यां यदा राजा सम्यक्कालस्येन वर्तते ।  
तदा कृतयुगं नाम कालः श्रेष्ठः प्रवर्तते ॥  
दण्डनीति परित्यज्य यदा कालस्येन मूर्मिपः ।  
प्रजाः कृत्यात्परयोरेन प्रवर्तते तदा कालः ॥

(Bombay Ed. Ch. 69, V. 79, 80, 91).

"Time (age) is the cause of the King, or the King is the maker of the Age. Don't let there be any doubt on that viz. that the King is the cause of the Epoch. If the King behaves properly in accordance with the Science of Politics, then the Best Age—Krita—prevails; but when the King abandons (disregards) that Science, and conducts himself in defiance of it, then the people are harassed, and the Age is (the worst of the four) Kali.

Monarchy, when it came, and even when it reached the Imperial eminence, seems, on the strength of the authority just mentioned, to have been an elective office. Quotations from the Vedas, the great Epics of Mahabharata and Ramayana, and references from classic authors, have been given in abundance to show

1. Cp. Artha Shastra, Book XIII Ch. 5, Prakarana, 176.

the process of election, the Oath when elected and crowned,<sup>1</sup> the duties of the elected King, and the sanctions provided<sup>2</sup> should the

1. प्रतिज्ञामिरोहस्य मनसा कर्मणा मिरा ।  
 पालयित्याम्यहं मौमं ब्रह्म इत्येव चासहन ॥  
 यद्यात्र धर्मो नीत्युक्तो दण्डनीतित्याद्यतः ।  
 तमशङ्कः करित्यामि स्ववशो न कदाचन ॥ (Mahabharata, XII.59,  
 106, 107.)

Mount on the Pratijna (take the oath) from your heart (without any mental reservation), in fact and by word of mouth:—I will see to the growth of the Country regarding it as God Himself and (this) ever and always; whatever law there is hers and whatever is dictated by ethics and based on politics I will act according to, unhesitatingly. And I will never be arbitrary.

2. The same authority elsewhere adds:—

पडेतान पुरुषो जग्धाद्विज्ञान नायमिवार्जये ।  
 अप्रवक्तारमाचार्यमनवीयानमृत्विजनम् ॥  
 अरक्षितारं राजाने भावी चाप्रियवादिनीम् ।  
 ग्रामकामं च गोपालं वनकामं च नापितम् ॥ (Mahabharata, XII.57,  
 44, 45.)

The following six kinds of persons a man may well abandon, viz. a teacher who does not lecture, a priest who does not study the Vedas, a King who does not protect, a wife who is ill-spoken, a cowherd who wants to live in a town, and a barber who wants to live in a forest, like a broken (wrecked) boat in the sea.

अराक्षितारं हर्तारं विलोप्तारमनायकम् ।  
 तं वै राजकालि हन्युः प्रजाः सच्चाद निवृणम् ॥  
 अहं वो रक्षितेत्युक्त्वा यो न रक्षति सुमिषः ।  
 स सहत्य निहन्तव्यः व्येव सोन्माद आतुरः ॥ (Mahabharata, XIII.  
 61, 31, 32.)

A King who does not protect, who makes heavy exactions, who oppresses and who does not lead may be caught hold of and killed by his people, as if he was Kali in the shape of a King. The King who, having promised protection, does not do so, may be caught hold of and killed like a mad dog.

दुर्मिश्वस्तेनाट्युपघातेषु च पौरजानपदानुत्साहयन्तः सत्त्रिणो ब्रूयः । राजा-  
 नमनुग्रहं याच्चमेहे, निरनुभ्रहः परत्र गच्छाम इति । (Artha Shastra XIII. 1)

When the people are oppressed by Famine, thieves, or devastation, the King's Counsellors-Ministers, may well encourage them, telling them, 'Beg the King to favour you, and say that if he does not favour (protect) you, you would migrate to another State.'

King fail to discharge the duties imposed upon him by precept and precedent of the ancient lawgivers. Pandit Jayaswal leaves no doubt that whatever the outward form and ceremonial, the King had to be a constitutional authority having definite checks on his actions and policies. His salary was fixed both absolutely and relatively,<sup>1</sup> and he was in great danger of losing it.

He does not authorise killing the King unfaithful to his coronation oath, but allows the Ministers to encourage the citizens and villagers afflicted by famine, robbers, forests, (desolation) to say to the King—'We seek the King's favour; not favoured we shall emigrate.'

We are not concerned, however, in this Series, primarily, with these characteristic of the ancient Indian Monarchy, which may, in its essence, appear to be political. The State, whether represented by a King or an Emperor; by a Republican President or by an Oligarchic Headman, was an important economic organisation and institution. It had very numerous and extensive economic functions interesting itself directly in the well-being of the people. The "Welfare State" of today has very little to teach its ancient prototype; and perhaps a great deal to learn, which the modern protagonist of the idea cannot understand or would not cope with. Neither in the size of the territory, nor in the volume of the people inhabiting it; neither in the variety of their occupations, nor in the multiplicity and

1. Cp. Jayaswal Op. Cit. Para 310 on the authority of the Apastamba Dharma-Sutra II, 9, 25, 10—

गुरुनामात्योऽनातिजीवेत् ।

and A. S. Bk. V. Ch-3

समाजविद्येभ्यस्त्वयुग्मेतनो राजा ।

The income-revenue or wages of the King has been prescribed in the Mahabharata, Shanti Parva LXXI, 10—

वलिप्पेत्तुन शुक्रेन दण्डेनाभापराधिनाम् ।

शास्त्रान्तिन लिप्पेत्ता वेत्तेन धनागमम् ॥

"You should desire to earn money (as your reward for the protection of your people) by wages such as one sixth of the produce, import and export duties, and fines and forfeitures collected from offenders according to law.

See also ante p. 32; Shukra NS. L 188.

complexity of State activities, would the ancient Indian State, under the Mauryas or the Guptas of nearly 2500 or 1500 years ago, could yield to its present day successors. The former hardly comes near the latter's degree of efficiency, and thoroughness of its administration, and allround contentedness that characterised the Empire, Kautilya wrote his Treatise for.

As we shall see more fully in appropriate places later, the State, through the King or the President or the Council of Ministers, was directly concerned and interested in land, in all that the land needed and yielded—not merely a tax-gatherer, but as direct producer. Cattle breeding held a place second only in importance to the task of actual cultivating, cropping, harvesting and storing the crops, in watering and manuring, in marketing and conserving. In mining and the innumerable crafts or industries based upon it, the State was even more directly interested, as monopolist-producer and metallurgist. The many and varied industries, arts and crafts were also under direct State control, supervision, and regulation, even when they were not carried on as part of State Enterprise; while all the accessories of Trade,—and Traders, too—such as weights and measures, money and currency, credit and banking received the attention of the largest, most compact, and the most powerful economic institutions of those days. Transport of all kinds, and the animals or vehicles needed for the service; river-boats and ocean-going ships of astounding size and amazing capacity; the care and maintenance of roads and the safety and comfort of the traveller along them, were as minutely attended to as the forts on the boundaries, and store-houses at every important centre, within the State.

Nor were the workers,—whether as independent craftsmen or paid labourers, neglected. Their just dues for work done were not the only concern of the State on behalf of the workers of all ranks and in all industries. Though Kautilya speaks of "Free Labour"<sup>1</sup> and there is frequent mention of "Slaves" in the Dharma as well as the Niti Shastras and the *Artha Shastras*<sup>2</sup> "the lot of the so-called "Dasa".

1. Cp. A. S. I, I.

2. Cp. Mams, Yajnavalkya, Artha Shashtra.

literally translateable as "Slave" was such that Megasthenes, the Greek Ambassador at the Court of the First of the Mauryas, was led to declare that there was no slavery in India. Certainly there was no chattel slavery nor traffic in human beings, as even the most civilised (?) of the Greeks and the Romans, the Persians and the Egyptians, seem to have practised. The worker was entitled to benefits and conditions of work which would put many a modern civilised Labour Code to shame. Later on there would be adduced extracts to show how considerate and comprehensive, how humane and far-sighted, were the Labour Laws or customs of ancient India. Here it is enough to add that not only were the ravages of Wage-slavery reduced to the minimum; the lot of the independent artisan was not left to the tender mercies of free competition, of the large-scale, capitalist producer. There was no lack, apparently, of the latter. But attention was paid as much to the quality, as to the quantity, of production, the artistic excellence as well as the volumetric abundance. In an economy in which Trade held such an important part, Production for Use, even of the foundation stone of the system, must harmonise with the Production for Exchange. But as all the needs of the country could be easily supplied from the produce of her own fields and factories, her own mines and forests, Trade was naturally and necessarily in specialities or superfluities, which had to be exported or imported because they were in excessive abundance.

In all this the State played a direct, active, even initiative part, and that, as already hinted, was not the part only of the tax-gatherer,—hateful as he needs must be as oppressive. When we deal with that subject, we shall see how the sources and rates of the principal public Revenues were designed, not to force the utmost from the producer or the trader, but how to help him to make his occupation most satisfactory to him and, at the same time, the most profitable. Definite and detailed regulation governed the mode of levying taxes and state dues; clear cut rules were prescribed with equal thoroughness for the process of collection, so that the citizen was made to pay as little more as could be possibly managed than the State was enriched by those payments. Price regulation had the same inspiration, the same guiding principles. Such ideas as are implied in the English Common Law maxim "Caveat Emptor" would, if placed before a

Court presided over by a Yajnavalkya or Narada, let alone a Manu or a Parashara, would have horrified those great Law givers.

The control and regulation of Trade; the protection and encouragement of industry apparently, of an abundant or appreciative market for the private or individual producer. Nor was it possible to buy wage-slaves under a complete anarchy of laissez-faire. Industries were protected not by any artificial "Fiscal Policy" and Tariff bolstering but by carefully drawn up initial regulation and subsequent fostering of each craft, of each trade, of each process or product. Even Trade was not forced to be directed or diverted into preconceived channels made by other considerations of State policy, but nevertheless, commerce, both domestic and foreign, was so conditioned and regulated as to bring about the same result without any unnecessary interference with the normal directions of trade.

In comparison with the State, the other Economic Organisations, or institutions, had a relatively more limited share in regulating and conditioning the economic life of the community and in determining the standard or mode of living of the individual. The Varna-Ashrama-Dharma, taken to prescribe the social Status-Caste-by birth, and function by age, was all-pervading. But the nature, and importance it has been assigned by the Western student of this most complex institution is scarcely merited by the ancient Canon, even if it could be justified by the somewhat degenerate practice of a later day. Even Shukracharya, a legendary Treatise-writer long before the days of Chanakya, recognised that individuals were differentiated, not by the accident of birth, but rather by their own merit and their own doings.<sup>1</sup> In the preceding Lecture mention has been made of this aspect sufficiently, not to necessitate any lengthy diversion on that point here. The most correct, the most favourable, and, in my view, the most faithful to ancient authority, picture of that institution would be a sort of over-all, society-wide Plan, regulating, prescribing, conditioning all forms of work, all conditions of life, all means of assuring a given standard of welfare to the individual. This had necessarily to be flexible, adaptable to changing con-

1. See ante p. 34 मेदिता गुणकर्मिः । ( Shukra NS. I. )

ditions and circumstances; and automatically adjustable to the new currents and motive forces its own working might develop or release. This aspect has been already mentioned and may have to be referred to again. At this stage, therefore, we need not labour it further.

The more specifically Economic Institutions, which formed a sort of cross division over Varna-Ashrama-Dharma, into Guilds, Associations, Trade Unions, Joint-stock Companies, took a more active, a more day-to-day part in regulating the life of the individual, and at the same time attending to the needs of the community. The terms used just now have been deliberately employed to convey a more familiar, and, therefore, more easily intelligible, picture of these several institutions. The English expressions,—themselves undergoing material change in meaning and extent, in the course of centuries are, of course, not exactly equivalent. But they correspond nearly enough for our purposes. The *Shreni*, *Gana*, *Kula*, *Jati*, *Sartha*, *Puga*, the *Gram* and the *Nagara*—the *Paura Janapada*,—had clearly, unmistakably, a direct economic function, particularly in relation to Trade, Industry, work or craftsmanship. These are defined or described by good authority below.<sup>1</sup>

That group organisation was the characteristic feature of the economic system in the Mauryan and post-Mauryan age of Indian history is amply evidenced by Kautilya who lays down elaborate rules regarding the regulations of the Guilds, their control and supervision. He even seems to apprehend they might be formidable antagonists to the Central authority if left unchecked, by the very fact of their disciplined solidarity. Our oldest Legist, Gautama, also recognises their place and function in the social economy. (Gautama, XI 22-3).

देशजातिकुलधर्मात्मा आचार्येरविरुद्धः प्रमाणम् ।  
कर्षकविगिक्षुप्रालकुसीदकारवः स्वे स्वे वर्गे ।

The group organisation was universal, embracing agriculturists and herdsmen, town-labourers or craftsmen, merchants and bankers, sailors and soldiers. Even prostitutes were thus organised, as also the heretic (Pashandis), though, in their case, one may take the *Gana*-Guild,—to be counterparts of the *Samgha* (Church) of the Faithful. c. f. Manu IV 61.

न शुद्रान्ये निवसेद्वाधामिकजनावृते ।  
न पापाणिगणाकन्ते नापस्त्रेऽन्यजैर्नृपैः ॥

One should not live in a State (society?) where a Shudra is King nor where one may be surrounded by the irreligious, or be open to be overwhelmed by the Heretics, who have settled the territory by the Chandalas etc.

These Guilds were autonomous, with power to tax their members, and the right to have their Constitution,—Rules and Regulations,—formally recognised by the State, and enforceable by Civil or secular authority (cp. Yajnavalkya II 192).

श्रेणिनगमपापिष्ठगणानामप्ययं विधिः ।  
मेदं वैगं नृपो रक्षेत पूर्ववृत्ते च पालयेत ॥

Corporate life, in Town and Village was efficiently organised, and universally at work. As the villa, the Mir, the mark or manor, it was a characteristic of the ancient Aryan civilisation, common to Europe and Western Asia, including India. It had both a political and an economic function.

On the former side, it was the Council of the Village Elders, - the most ancient cell of Local Self Government, among Aryan nations,—which, in the more important emergencies of the State, had a right to be consulted by the King, or the chief men of the Republic. In Towns it formed the Municipal Council, which had similar privileges of consultation, aid and advice in the larger affairs of the State, while enjoying a real autonomy on their own level, in all matters of local government or administration. The *Paura Janapadas*, as a living institution of India's working democracy, have been fully described and their functions, explained and illustrated in Jayaswal's Hindu Polity with a wealth

Shukracharya makes the establishment of a new Guild, without previous sanction by the State,—an echo of the apprehension of Chanakya as to the mischievous possibilities of these mighty organisations against the Imperial Authority.

नयं समाजनियमं निर्णयं जातिदूषणम् ।

मनसाऽपि न कुर्यन्तु स्वामिद्रोहं तथैव च ॥ (Shukra NS. I. 305)

These guilds or associations were known under various names. Katyayana enumerates them as follows—

गणपापण्डपुगाद्य वाताद्य व्रेण्यस्तथा ।

समूहस्याद्य ये चान्ये वर्गीक्यास्ते शृहस्पतिः ॥

i. e. Varga, Samaya, Shreni, Vrata, Gana, Samuha etc.

These terms have no strict consistent connotation throughout the ages. Thus Varge (Lit. class) is a generic term, which may mean a class, or a Union, or a Guild proper.

Gana is a collection of families, which may be all of a given Varma (Caste), in a given place; though one writer makes it synonymous with Vrata.

of authority and detail, which cannot be improved upon.

In purely economic matters, they had effective jurisdiction in the working of all the local sources of production, Agriculture and Animal Husbandry, Arts and Crafts, Trade and Taxes, which made them an indispensable link between the Central Government and the economic units in the country, or with the people as individual citizens or works.

Their role in proper ordering of consumption, adequate, appropriate, and effective,—give ground for envy to the modern enthusiast for the control of quality, quantity and prices of essential commodities, that not all our modern scientific methods of supervision, regulation and control achieve. The "Sumptuary Laws", such as they were,—were, likewise, enforced through their aid; while the assurance of suitable work to each individual, competent and capable of working was not the least of their economic duties and responsibilities. Their place in Guilds—the Craft Guild as well as the Merchant Guild, is difficult to

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Katyayana defines the latter as an armed group of members of different castes, and bearing different weapons.

नानायुधपरा ब्राताः समवेताः प्रकीर्तिताः । Katyayana Smriti Ed. by P. V. Kane, V 678)

Shreni, on the other hand, according to Vijnaneshwara, is a Corporation of members of the same craft.—a Craft Guild proper.

एकपण्यशिल्पोपत्रोविनः श्रेणयः ।

says Vijnaneshwara on Yajnavalkya II 192, or a शिल्पसमूहः

Puga is more, according to Jayaswal, a political body; but Katyayana makes it a "group of merchants and the like". While one writer calls it the association of elephant drivers or horse-riders.

Naigama is a non-secular term meaning a body of people who do not accept the authority of the Vedas, e. g. the Jains and the Buddhists.

नैगमा ये वेदस्पातप्रणीतत्वेन प्रामाण्यमिक्तान्ति, पाणुपताद्यः ।

determine. But that they played an important part in the actual organisation and distribution of work, maintenance of prices and standards, and securing of market, was unmistakable.

#### MARRIAGES FAMILY, AND THE STATUS OF WOMEN.

Family life, or Tribal bonds, were another side of the same shield. They figure it is true, more prominently and particularly, as social institutions; but their importance as integral parts of the socio-economic system, taken collectively, is unmistakable. *Kula* is the Family, not in the individualist sense of our present civilisation, when the personal factor, the individualist *motif* is more evident and stressed, but in the more archaic, and more liberal, sense of descendants of a common ancestor, linked together by ties of blood as well as work, of property as well as position, in the general scheme of society. Long sections, with numerous injunctions are devoted in the principal Law Treatises, to the formation and working of the Family; and a collection of Families, is the *Gana*, the Assemblage, which may be

(Mitakshara on yajnavalkya II. 192.) Madana Ratna, however defines the term as "Merchants united as a caravan".

Katayayana, here also, takes the more independent or un-orthodox view, making a *Naigama* to be a body made up of persons drawn from the same town.

नानापौरसमुहस्तु नेगमः परिकीर्तिः ॥ (V. 678. P. V. Kane's Edition).

*Pashandi*, in the eyes of a Brahman, may mean the sceptics or non-Brahmans, like the Buddhists or Jains: and the latter repaid the compliment by describing the various sects of Brahmanic faith by the same term.

Prof. Rangaswamy Aiyangar (op. cit. 184-6) from whose erudite work these definitions have been taken, explains the variations in meaning as due to efflux of time-centuries—during which these several bodies changed their composition and functions; or, alternatively, the Digest compilers kept the traditional terms without being quite sure of their exact significance.

The co-operative society was also a form corporation very well known and freely used in the Mauryan and later Indian Empires. सम्बुद्ध समुद्यान is used in cultivation: but that made into a combine or syndicate of merchants cornering a given commodity with a view to reap unholy gains, Kautilya would penalise such associations.

वैदेहकानां चा सम्बुद्ध यायमवन्नुयतामनधैर  
विकीर्णतां कीर्णतां चा साहस्र दण्डः ॥ A.S. IV-2.

coterminous with a tract, a village or even more extensive area. Heredity played more important part in ancient life and social organisation than it seems to do to-day ; and so, hereditary crafts or trades assured not only a measure of skill and craftsmanship; it likewise guaranteed degree of fair dealing of commercial honesty and individual attention, which the worker offering his wares in the so-called "open Market" need not guarantee and cannot afford. The place of woman and of the child, their work and education, the attention to be paid to them and the place to be secured for them, were also assured more directly through the Family, which was a socio-economic unit of no mean significance in daily life.

At the risk of some seeming divergence or irrelevance we must add that the true place of Woman in the web of Indian life is impossible to understand by those dominated and influenced by ideals of personal freedom, even when they lead, for the male worker, to the wage-slavery of the Victorian era, and for the woman worker, to Mrs. Warren's Profession. True, a famous passage of the greatest of our Law-givers, Manu, says:—**म ची स्वातन्त्र्य महाति** (IX 3) Woman does not deserve freedom; and another equally categoric observation of Gautama holds:—**अस्वतन्त्रा घर्मे स्त्री** (XVIII-1) i.e. A woman cannot discharge all her duties by herself. But so was man enjoined to have his fellow in the household yoke in the performance of all important sacrifices incumbent upon the Aryan Householder. The classic passage of Bhavabhuti, which makes king Janaka greet the wife of his friend the great sage Vasishtha, as:—**ज्ञगद्वयां देवीमुपसमित्व वन्दे भगवतीम्** (Uttararama Charita IV-10) index of the reverence due to such (women from such exalted persons. It is but one of hundreds that can be quoted of the same type. One cannot, we must not, dismiss as a mere exuberance of idealisation when the *Anushasan Parva* of the *Maha Bharata* :—(Chp. 46, vv. 5 and 15).

पूज्या लालवितव्यात्ता लियो नित्यं जनाधिष्ठ ।  
लियो यत्र च पूज्यन्ते रमन्ते तत्र देवताः ॥५॥  
क्रिय एता: लियो नाम सत्कार्या भूतिमिळ्डता ।  
पालिता निष्ठूरीता च श्रीःस्त्री मवति भारत ॥५॥

" Oh King, always should women be adored and petted; for where women are worshipped there the gods delight. They,

in the name of women, are the Goddess Shri or Lakshmi—Goddess of wealth who should be honoured by all those desiring prosperity; for the Goddess of wealth, honoured and upheld, takes the form of women, Oh Bharat".

And the said law giver, Manu, gives the measure of respect and reverence due to the mother as follows :

उपाध्यायान्दशाचार्ये आचार्याणां शतं पिता ।  
सहस्रं तु पितृमाता गौरवेणातिरिच्चते ॥ ( Manu II. 145 )

"One must honour the principal ten times more than the (ordinary) teacher; one's father a hundred times more than the principal and the mother a thousand times more than the father"

But even assuming this as a flight of fancy by a warm hearted sage, the hard-headed Kautilya lays down rules of work and rights or privileges of womanhood which, by no stretch of sophistication, can be dismissed as mere idealisation. After describing, in his own aphoristic way, the eight recognised forms of marriage, Kautilya proceeds to lay down his rules regarding the property and maintenance of women.

वृत्तिरावच्यं वा खीघनम् । परद्विसाहस्रा स्थाप्या दृक्षिः । आवश्यानियमः ।  
तदात्मपुत्रस्तुपाप्तमर्मणि प्रधासाप्रतिविवाले च गार्यापा भोक्तुमदोषः । प्रति-  
रोधकल्पाधिदुर्मिश्रमवश्वतीकारे धर्मकार्ये च पत्युः । सम्भव चा दम्पत्योर्मिश्रने  
प्रजातयोर्स्त्रिवर्षोपसुकं च धर्मिष्ठेषु विवाहेषु नानुयज्जीत । गान्धवौसुरोपसुकं  
सचृदिकमुभयं वाप्येत । राक्षसौशाचोपसुकं स्तेये दद्यात । (A. S. III. 2)

Means of subsistence (Vritti) or jewellery (abadhya) constitutes what is called property of a woman. Means of subsistence, valued at about 2,000/- shall be endowed (in her name). There is no limit to jewellery. It is no guilt for the wife to make use of this property in maintaining her son, her daughter-in-law, or herself, whenever her husband is absent in calamities, disease and famine, in warding off dangers, and in charitable acts, her husband, too, may make use of this property. Neither shall there be any complaint against the enjoyment of this property by mutual consent by a couple who have brought forth twins. Nor shall there be any complaint if this property has been enjoyed for three years by those who are wedded in

accordance with the customs of the first four kinds of marriage. But the enjoyment of this property in the cases of Gandarva and Asura marriages, shall be liable to be restored together with interest on it. In the case of such marriages as are called *Rakshasa* and *Paishacha*, the use of this property shall be dealt with as theft. Thus the duty of marriage is dealt with".

Her right to certain forms of her property is expressly recognised by the great Social Economist, even when she becomes a widow and chooses to remarry. It is interesting to note that in Chanakya's days remarriage of widows was permitted under certain contingencies —

नीचत्वं परदेशं वा प्रस्थितो राजकिलिपी ।  
प्राणाभिहन्ता पतितस्यान्यः झांसोऽपि वा पतिः ॥ A. S. III. 2

"If a husband either is of bad character, or is long gone abroad, or has become a traitor to his King, or is likely to endanger the life of his wife, or has fallen from his caste, or has lost virility, he may be abandoned by his wife".

Women's right of action against her own husband is no less clearly recognised; while her right to work or self-support is expressly stated by the author of the Artha Shastra (II ch. 23) —

सूत्राभ्यक्तं सूत्रवर्मनवस्त्ररञ्जन्यवहारं तज्जातपुरुषैः कारयेत् ।

"The Superintendent of Weaving shall employ qualified persons to manufacture threads (sutra) coats (Varna), cloths (vastra) and ropes.

ऊर्णीवल्ककार्यासदुलशणक्षीमाणि च विघवान्यज्ञाकन्याप्रवज्जितादण्डप्रति-  
कारिणीभी रूपांश्वामादृकाभिवृद्धराजदासीभिर्व्युपरतोपस्थानदेवदासीभिक्षा  
कर्तयेत् ।

Widows, crippled women, girls, mendicants or ascetic women (pravrajita), women compelled to work in default of paying fines (danda-pratikarini), mothers of prostitutes, old women servants of the King, and Prostitutes (devadasis) who have ceased to attend temples on service, shall be employed to cut wool, fibre; cotton, panicle, (tula), hemp, and flex.

सूतशणस्थूलमध्यतां च सूतस्य विवित्या वेतनं कर्तयेत् ।  
भास्त्रितापहृतावस्कन्दितानां च ।

Wages shall be fixed according as the thread spun are fine, coarse, (sthula, i. e. or of middle quality, and in proportion to a greater or less quantity manufactured, and in consideration of the quantity of thread spun, those (who turn out a greater quantity) shall be presented with oil and bright cakes of myrobalam fruits (taila-mala-kodvartanaih).

They may also be made to work on holidays (tithishu) by payment of special rewards (pratipadanamanaih).

Wages shall be cut if, making allowance for the quality of raw material, the quantity of the thread spun out is found to fall short.

Weaving may also be done by those artisans who are qualified to turn out a given amount of work in a given time and for a fixed amount of wages.

The Superintendent shall closely associate with the workmen.

Those women who do not stir out of their homes (Anishkasinyah), those whose husbands are gone abroad, and those who are crippled, or girls, may, when obliged to work for subsistence, be provided with work (spinning out threads) in due courtesy, through the medium of maid servants (of the weaving establishments).

Those women who can present themselves at the weaving house shall, at dawn, be enabled to exchange their spinnings for wages (bhandavetanaviniyam). Only so much light as is enough to examine the threads shall be kept. If the superintendent looks at the faces of such women or talks about any other work, he shall be punished with the first amercement. Delay in paying the wages shall be punished with the middle amercement. Likewise, when wages are paid for work that is not completed.

She who, having received wages, does not turn out the work, shall have her thumb cut off.

Those who misappropriate, steal or run away with (the raw materials supplied to them) shall be similarly punished.

Full prohibition is thus made for widows and orphan girls or women, who, for any other reason, being unable to maintain themselves out of their own resources, were provided for by the State. Adequate precautions were taken to see that their modesty and propriety were in no way endangered by the necessity they were under to go out for work. The philosophy of the Gita had long insisted, for the preservation of the race, upon the purity of our women, and so the safe-guarding of women, their person or property is not left altogether to the tender mercies of their men folk. Their rights to property were, as we have just seen, duly recognised.

Even as regards the so-called fallen women,—the professional *Filles de joie*, Kautilya has no hesitation to devote a whole Chapter in Book II for the proper protection and assurance of their just dues to these unfortunate victims of our civilisation (?). Modern States, even when they recognise the fact,—the institution of Prostitution,—and enforce regulations for registration etc., are unable or unwilling, to secure their personal safety from avoidable diseases or appropriate treatment when suffering for no fault of theirs, and their professional dues, in the full measure and fearless manner the Mauryan sociologist frankly lays down. A *Demi monde Royale* or Head of that Profession, was employed as a highly paid Court official, with proper deputy and staff, and terms of service, or functions of office, which made her an ornament of the Court; and at the same time a protector of her class. The qualifications expected of her, as of any such practitioner, in the first instance, were: beauty, youth, and liberal accomplishments. The Fine Arts of Music and Dancing, were the chief amongst her many graces; for in these she was to instruct or supervise the education of other such women, at times even the ladies of the royal harem, manners and deportment, conversation and information. (She was not the least important field for recruiting spies in times of war or peace) dress and ornament, and most of the other 64 traditional Kalas, had to be mastered. The classic case of Malavika, immortalised by the genius of Kalidas, or the noble devotion of Vasantasena, the deathless Heroine of the Clay Cart, leave no doubt of the arts and accomplishments expected of these women in those days.

Though paid as a High Court official, and honoured as a great social ornament, this Chief *Dame de plaisir* was a sort of bondswomen, who was entitled, however, to redeem herself, by a prescribed payment. If, even without giving up the profession entirely, she chose to be the protegee of one person only, she was liable to pay a prescribed fine, or share out of her earnings to the State. As late as the time of the Vijayanagar Empire, the revenue derived from this source was enough to maintain the entire Police-force of that enormous city.<sup>1</sup> When youth had gone and beauty faded, women of this class, particularly in the Royal employ, were given suitable work in the kitchen, or the storehouse. The King's example we may readily believe had to be followed by other patrons of the Profession.

Of course, there were rights as well as obligations. The official Superintendent of the Profession regulated the fees for their professional services, and laid down standards of income and expenditure, as well as the Budget of every member of the Profession. Needed outlay for personal adornment or attractiveness was not grudged; but extravagance of all kinds was sternly frowned upon. A Professional would be liable to fine, amercement, or taxation, if she sold, (except to her mother) or mortgaged her own property,—a regulation intended to ensure, probably, that she was not left unnecessarily destitute in her old age. Definite fines, or penalties, were likewise prescribed for any offences she was led to commit against her actual or would-be patrons. But what is much more interesting is that she was very effectively safeguarded against the abuse of her person, her trust, or her ignorance by any of her self-seeking patrons.

"When a man", says Kautilya, "has connection with a Prostitute against her will, or with an immature person of that profession, he shall be punished with the highest amercement. Even if the latter were a willing party to the connection, but under-age, the man would be punished".

Does our modern Age-of-Consent legislation apply to these victims of our commercial civilisation?

1. Cp. Sewell—A Forgotten Empire.

"Similarly, if a man keeps under confinement or abducts a Prostitute, against her will, or disfigures her by causing hurt, he shall be fined a 1,000 panas or more, raising upto twice the amount of her ransom (48000 panas) according to the circumstances of the crime, and the position and status of the Prostitute".

Do we afford any Prophylactic service in our public clinics to those whom our individualist greed,—production for exchange,—free of charge, if only as a matter of national health insurance, and precaution against the spread of preventible disease?

"When a man causes hurt to a Prostitute appointed at court, he shall be fined thrice the amount of her ransom. If he causes hurt to her mother, her young daughter, or her servant he shall be punished with the highest amercement".

What a model for our chadbands and comstocks!

"For offences committed for the first time, punishment shall be the first amercement; twice as much for the second time; thrice as much for the third time; and for offences committed for the fourth time, the King may appoint whatever penalty he thinks just and adequate".<sup>1</sup>

The scales are even; the dice are not certainly loaded against the abandoned and the unfortunate.

Of course these regulations were not one-sided for and in the interests of the Public Woman only. Her patrons had also certain rights, and she, too was liable to severe punishment for denial or infraction of those rights. The point, however, to be noted is the realisation, by this supreme Realist, our ancient Treatise writer, of the true position and function of this Profession, without any squamishness. The unblinking realism of the sage and the thinker, Architect of the Empire and Minister of the State, leads him to insist upon full registration of each practising Professional, making it incumbent on the practitioner to supply full information

1 ( Kautilya Book II, Ch. 27, p. 124-5 ).

to the official Superintendent regarding her daily receipts, and prospects, as also the particular individual under whose sole protection she may be for the time being. This was as much for her own protection, as for the public safety; as much in the immediate interests of the Exchequer as for the long-range of our family life and social activity. The Prostitute was not only an effective safety-valve for domestic infelicity or material maladjustment; she was a public servant, a court official, a health insurer.

After this long but unavoidable digression, let us revert to the consideration of the various kinds of corporations known in ancient India. The Gana, the Tribe or the Assemblage, was, on the other hand, of more administrative or political significance. In an age when religious sentiment came into ascendant, the Gana became, a religious organisation, which was, with the Jains and the Buddhists merged into the Sangha.

The most conspicuously Economic, the most directly Productive, institution was that of Property. Private ownership in most of the primary forms or means of producing new wealth seems to have been recognised from the earliest times, — though there seems to be considerable difference of informed or authoritative opinion as regards the sovereign rights of overlordship in Land. Land was, indeed, the most considerable form of wealth-production. It was, at the same time, the most important source of public revenues, even when owned or cultivated by private people. There seem to be two main ideas forming the root justification of property rights in land, — for the King (State) the protection, and security he afforded to the actual tiller of the soil, and for the individual cultivator the mere fact of cultivating, including clearing of waste land and settling upon it. We have already noted the eight forms of acquiring property in land accepted by our ancient law-givers.

We are, in this place, not concerned with Agricultural Production, and the laws governing it, as enunciated in our ancient Treatises. Those will be briefly noticed later. In this stage we are concerned with the Rights of Property, — holding, using, exploiting, selling, mortgaging, or transmitting such rights by devolution or inheritance. The following discussion is, accordingly, confined

only to that aspect of the subject, i. e. the Rights of Property in ancient India, with special reference to the primary forms, or sources, of Production, like land, forests, mines, herds, treasure-trove, flowing waters etc.

Bhattacharji, in his commentary on Kautilya's Artha Shastra, gives the following Verse, categorically asserting the lordship, or the ownership, in land as vested in the King, or the State :

राजा भूमे परिदृष्टः शास्त्रैरुदकस्य च ।  
तात्पात्रान्वचुयदद्रव्यं तत्र स्वाम्यं कुदुम्बिनाम् ।

" The King is the Lord of Land, (Bhumi) and (flowing) water, as held by those well-versed in the sciences. Similarly house-holders (those with a family) are equally entitled to, or have an equal right, in, all other forms of wealth (or substance) ".

As against this, Katyayana holds :—

भूस्वामी तु स्मृतो राजा नान्यद्रव्यस्य सर्वदा ।  
तत्कर्तव्य हि प्रह्लादं प्राप्नुयात्त्वयैव तु ॥  
सूतानां तत्त्वासित्वात् स्वामित्वं तेन कीर्तितम् ।  
तत्कियावलिप्रह्लादं शुभाश्रुमनिमित्तजयम् ॥ (Quoted in Viramitrodaya  
Rajanifi).

" The King is known to be the lord of the earth (भूस्वामी) but never of any other substance (form of wealth). And of its fruit, (yield) he (the King) may take one-sixth, and no more. As individuals live on the land (the real ownership belongs to them, while) the ownership of Kings declared in the Shastras consists of the sixth portion of the products or assessment due to good or bad occasions.

In his very illuminating Treatise on *Ancient Hindu Polity*, the late Shri Kashi Prasad Jayaswal takes very emphatically the view that there was no such thing, in ancient India, as Feudal over-lordship over all lands, or even eminent domain of the English Common Law, in land. He is unequivocally the champion of absolute right of private property in land; and ignores, or explains away, the many texts in Shukra, Kautilya, Manu, Yagnavalkya, and other authorities, which indicate very clear and effective limitations on the rights of individual ownership of such primary sources of new wealth production. A scholar in the tradition of R. C. Dutt,

and bred in the permanently settled zamindari Province of Bihar, we can easily understand, even if one cannot share, this championship of private ownership of land, in Shri Jayaswal.

Prof. Rangaswamy Aiyangar, though equally a believer in the theory of private property in land, is fairer in that he adds a learned appendix giving ancient texts and modern authorities, for as well as against, the theory.

It is impossible to go into all these,—and many more that can be found on either side of the fence, within the limited scope of these Lectures. Suffice it, therefore, to note that:—

(1) There is no dispute as to the State or collective ownership of mines and minerals, including metallurgical industries, according to the Artha Shastra. See *ante* p. 11, *et seq.*

Kautilya on this says:—

“ He shall carry on mining operations and manufactures, exploit timber and elephant forests, offer facilities for cattle breeding and commerce, construct roads for traffic both by land and water, and set up market towns ( panyapattana ) ( A. S. II 1 ).

आकरकमीन्तद्रव्यस्तिवनवजयणिहपथप्रचारान् वारिस्यलपथपण्यपत्तनानि च  
निवेशयेत् । मत्स्यमूवहस्तिपण्यानां सेतुषु राजा स्वाम्यं गच्छेत् । (A. S. II.1)

(2) There is likewise little dispute about buried treasure-trove,—found on private (?) land. ( Cp. Kautilya IV, 1, ) :—

शतसहस्राद्युर्व राजगामी निधिः । ऊने पचांशं दद्यात् ।

A buried treasure if it is less than one lakh, should go to the King; if it is less than a sixth be given to the finder.

(3) Whether or not there is State ownership of land, there is no question about the right of the State to tax land:—

Chanakya is quite positive as regards landownership who do not cultivate their land properly and so avoid adequate tax payments. In such cases, he allows cultivation by wage earning labourers attached to the village or even by capitalist farmers ( Vaidehaka ), in order to secure for the State, best that could be got from the land. On the other hand, if the cultivators paid their taxes regularly, the State may give them concession in the shape

of seeds, ploughing cattle and even credit or capital during the process and period of cultivation.

(4) As regards gifts of land by the King, Kautilya lays down:—  
"Those who perform sacrifices (rtvik), spiritual guides, priests, and those learned in the Vedas shall be granted. Brahmadeya lands yielding sufficient produce are exempted from taxes and fines (adandakarani).

But these gift or enan lands given to be alienated except to the same class of people who are free from taxes. These sort of restrictions on alienation of land is significant of the kind of property if any allowed in the primary form.

Again the same authority adds:—

"Lands prepared for cultivation shall be given to tax-payers (Karda) only for life (ekapurushikani). Unprepared lands shall not be taken away from those who are preparing them for cultivation."

करदेव्यः कृतदेव्यात्पूर्वादिकाणि प्रयच्छेत् ।  
अकृतानि कर्तुम्यो नादेयात् । (A. S. II. 1)

The fact that it is given only as a life tenure is further evidence of limited private ownership if any, in agricultural land. Immediately after this passage the same authority adds":

"Lands may be confiscated from those who do not cultivate them, and given away to those who would cultivate them, presumably for life tenure only. Alternatively, they can be cultivated on a co-operative basis or capitalist farmers (vaidehaka) who will make best use of such lands".

अकृतान्मालिद्यात्पूर्वः प्रयच्छेत् ।  
ग्रामकृतकर्वदेहका वा कृतेभुः । (A. S. II. 1)

(5) There is, similarly, general agreement among ancient authorities as to the limitation of the rights of ownership, regarding

alienation of land,<sup>1</sup> cutting down trees on land, maintenance of pasture-lands, or water-courses and irrigation works by public enterprise, as part of the duties of the King.

(6) "Restriction on the entry into cultivators' villages of undesirable elements including the King's soldiers.

#### SLAVERY

We cannot begin considering this ancient, universal, abominable, institution better than by quoting a passage from the Cambridge History of India, an authoritative modern work by foreign scholars.

"The slave or servant was an adjunct in all households able

1 "For cutting off the tender sprouts of fruit trees, flower trees or shady trees in the parks near a city, a fine of 6 panas shall be imposed; for cutting off the minor branches of the same tree, 12 panas and for cutting off the big branches, 24 panas shall be levied. Cutting off the trunks of the same shall be punished with the middlemost amercement.

In the case of plants which bear flowers, fruits, or provide shade, half of the above fines shall be levied.

The same fines shall be levied in the case of trees that have grown in places of pilgrimage, forests of hermits, or cremation or burial grounds.

For similar offences committed in connection with the trees which mark boundaries, or which are worshipped or observed (chaityeshvalakshiteshu cha), or trees which are grown in the king's forests, double the above fines shall be levied".

पुरोपवनस्पतीनां पुष्पफलच्छायावतां प्रोहच्छेदने पदपणः । शुद्रशाखाच्छेदने  
द्वादशपणः । पीनशाखाच्छेदने चतुर्विंशतिपणः । स्कन्दवयवे पूर्वस्साहसदणः ।  
समुच्छित्तौ मन्यमः । पुष्पफलच्छायावर्णवद्रुमलतास्वर्धदणः । पुष्पस्थान-  
तपोवनस्मशानद्रुमेषु च ।

सीमवृक्षेषु वैत्तेषु द्रुमेष्वालक्षितेषु च ।

त एव दिगुणा दण्डः कार्यं राजवनेषु च ॥ (A. S. III. 19 )

2. नटनर्तनगायनवादकवाचकीवनकुशीलवा वा न कर्मविद्वं कुर्यात् निराशयत्वाद्  
आमाणां क्षेत्राभिरतत्वाच पुरुषाणां, कोशविद्विद्वान्परस्पुष्टिभेदतीति ।  
(A. S. II. 1 )

And says Shukra ( Shukra Niti V, 84, 85. )

नृपकार्यं विना कथितं ग्रामं सैनिको विशेषं ।  
तथा न पीडयेत कुत्र कदापि ग्रामवासिनः ॥

No soldier shall enter a village unless for some business of the King, and so that no trouble is caused to the villagers.

to command domestic service, but slaves do not appear to have been kept, as a rule, in great numbers, either in the house, or, as in the West, at mining or "plantation" work. Their treatment differed, of course, according to the disposition and capacity of both master and slave. Thus we find, in the *Jatakas*, the slave petted, permitted to learn writing and handicrafts, besides his ordinary duties as valet and footman. But of actual ill-treatment there is scarcely any mention... we do not meet with runaway slaves"—Cambridge History of India (p. 205).

The institution of slavery, as a source of free labour, seems to have been unknown in ancient India, if we are to believe foreign observers, like Megasthenes, or our own writers of Dharmashastras or Artha-Shastras. Certainly, slaves exposed regularly to inhuman treatment of unredeemed cruelty and relentless exploitation, as characteristic of the ancient Greek and Roman slavery, or still worse, of the slavery in America, are unknown. Manu recounts 7 causes of slavery:— Manusmriti VIII, 415.

"One whose flag (in battle) has been taken away (i. e. one who has been defeated), one who has been accepted (or been reduced to) slavery by greed or devotion, one who has been born of a bondswoman in one's own house, one who has been purchased, or one who has been made a present of, or been inherited from one's ancestor, or one who has been punished (for some offence) into a sentence of slavery,—these are the seven wombs (fountain springs) of slavery".

Though, in this authority, purchase and present, conquest and law-imposed penalty, are mentioned as the sources of slavery, the institution, in the sense in which it flourished in ancient Greece or Rome, or more modern America or the British Colonies, did not exist in this country. Liberal Kings, like Akbar in recent times, always strove to make the woes of the vanquished as light and bearable as possible; and so one of the first reforms they aimed at was to abolish war-born slavery. Even those other classes of slaves, such as those actually purchased for money and those made present of, inherited or acquired because born of one's own bondswoman, had a status not materially different from that either of a man's wife, son or free wage-earning) worker, for in the very next verse Manu holds:—

भायीं पुत्रश्च दासश्च त्रय एवाधनाः स्मृताः ।

यत्ते समधिगद्यन्ति यस्य ते तस्य तद्दनम् । ( Manu Smriti VIII, 416 )

"One's wife, Son and Servant ( Dasa ) are all three without any wealth of their own, i. e., what they earn goes to the husband, father, or the master ( employer ) as the case may be".

In a famous, pithy passage, Kautilya observes:—

दासाद्वितकवन्धुनशृण्वतो राजा विनयं ग्राहयेत् ( A. S. II. 1 )

"Those who ignore the claims of their slaves ( Dasas ), or hired labourers ( Ahitakas ), and relatives, shall be taught their duty".

The same authority devotes a whole, long chapter of his authoritative work to "rules regarding slaves and labourers". The very juxtaposition of these categories,—even apart from the nature and tenor of the rules laid down,—indicates the true nature of the *Dasa*, ( translated into English slaves ). He postulates that no Arya can be a slave.<sup>3</sup> And none, not even a Shudra, who is not born a slave, can be sold or mortgaged into slavery by his kinsmen, on pain of heavy penalties. If strangers, — non-kinsmen — do so, they incur still heavier pains and penalties, rising even upto capital punishment for the lowest *stratum* of offenders. If any Arya is mortgaged for his life, to tide over family troubles, or to find money needed to pay court fines, or to recover the ( confiscated ) household implements, his relatives were bound to redeem him as soon as possible, especially if he the person thus selling himself into slavery was a youth or adult capable of giving assistance.

Runaway slaves, if captured, would be condemned to slavery for life ; but if not captured his freedom was unquestioned. Every slave was entitled to redeem or ransom himself, from his own earnings or by his own work. If a slave worked without prejudice to his master's work, he was entitled to keep his own earnings, as also the inheritance he got from his parents, and therewith to regain his freedom. The ransom, redemption price, was not to exceed the price originally paid for acquiring a slave, or the amount of the Court fine for which he has been reduced to that state.

Any one who defrauds a slave of his money, or deprives him of his privileges which he can exercise as an Arya, shall be

(1) न त्वेवायस्य दासभावः । ( A. S. III. 13 )

punished with half the fine leviable for enslaving for life an Arya. But while this may smack of a sense of race superiority, though the term Arya included all the three upper classes which made the bulk of the population of those days, at least, the strict provisions against putting a slave to any dirty or degrading work, or defiling the person of a slave girl, are eloquent of the real nature and status of slaves in Ancient India. Says the author of the Artha Shastra III. 13:—

प्रेतविष्मृतेभित्तिमाहृषामाहितस्य नग्नस्तापनं दण्डप्रेषणमतिन्द्रमणं च खीणं  
मूल्यनाशकरम् ।

Employing a slave to carry the dead, or to sweep ordure, urine, or the leavings of food; or a female slave to attend on her master while he is bathing naked, or hurting or abusing him or her, or violating the chastity of a female slave, shall cause the forfeiture of the value paid him or her.

धार्मी परिचारिकाऽर्धसीतिकोपचारिकाणां च मोक्षकरम् ।

Violation of the chastity of nurses, female cooks, or female servants of the class of joint cultivators, or of other description shall at once earn their liberty for them.

सिद्धमुपचारकस्याभिन्नातस्यापकमणम् ।

Violence towards an attendant of high birth shall entitle him to run away.

धार्मीमाहितिको वाऽकामां स्ववशामधिनच्छतः पूर्वः साहसदण्डः । परवशां  
मूल्यम् ।

When a master has connection with a nurse, or pledged female slave under his power against her will, he shall be punished with the first amercement; for doing the same when she is under the power of another, he shall be punished with the middle amercement.

कन्यामाहितिकां वा स्वयमन्वेत वा दूषयतो मूल्यनाशः शुल्कं तद्विगुणम्  
दण्डः । ( A. S. III. 13 )

When a man commits, or helps another to commit, rape with a girl or a female slave pledged to him, he shall not only forfeit the purchase, value, but also pay a certain amount of money (Shulka) to her, and a fine of twice the amount of Sulka to the Government.

Because of these regulations, there were neither Mulattoes or half-breeds, in ancient India, such as are complicating the social life of modern America, that recognised no rights for the slaves, nor placed any limit to the license of their masters.

#### MONEY ECONOMY

The introduction of Money Economy, in place of kind, seems to have been immemorial in India. The Vedic hymns abound in references to *Pana*, — standard coin in universal use for a long time in the country, — and the *Panis* or those who dealt in the same, to which reference has been made earlier in this Series. The *Sukra-Niti*, the *Artha Shastra* and other works, of this *genre* contain detailed tables of relative values of different coins, or different weights of precious metals; and modern researches regarding ancient Indian coins, by scholars like Rapson or Cunningham amply confirm the presence from time immemorial of Money Economy in India.

We cannot, therefore, accept the view of some Western Scholars, who consider the Money Economy in India to have arisen from the exigencies of Foreign Trade settlement for the balance of payments as between nations having to be made in some universally acceptable and unperishable medium, — like gold or silver. In the Section of these Lectures dealing with Trade in ancient India, whether internal or foreign, this point will be dealt with further. Here it is enough to add that *Vanijyam* is an important section in the earliest Treatises on *Varta*, or the science of National economy; that in the Corporate Organisations, mentioned above, Craft and Merchant, or Traders' Guilds occupy an important place; that accumulations of huge stores of ready money are mentioned, time and again, in our classic literature, the *Jataka* tales, and even Rock Inscriptions from the days of the Mauryan Empire.

Under these conditions, it is impossible to ignore the presence of Money Economy in ancient India, and the familiarity of the people with its workers. Wages were expressed in terms of money, as also detailed prices of innumerable commodities. That could not have happened, unless Money was a common well-known medium of exchange. The mystery of its regulation appears to

have been thoroughly mastered by the author of the *Niti Shastra*.<sup>1</sup> The Superintendent of the Treasury and of the Mint have no less important place than the Minister of Finance himself.

In another place (*Shukra N.S.* II. 84-87) the same authority, writing about the various Ministers of a Constitutional King, speaks of the *Amatya* or Minister of Revenue and Agriculture and *Sumantra* or Minister of finance in the same verse :—

देशकालप्रविदाता द्वामात्य इति कथ्यते ।  
आयन्यप्रविदाता सुमन्त्रः स च कीर्तिः ॥ (*Shukra NS.* II. 86)

In Book II alone Kautilya has several chapters in the *Artha-Shastra* giving detailed regulations about the Mint, the Treasury, Tolls and Taxes in cash, and Accounts.

The adoption and wide prevalence of Money Economy, and the great importance attached to Trade as an integral factor of the national prosperity, did not, however, commercialise the Indian civilisation into an unmitigated frenzy of Mammon worship. Production-for-exchange had to be attended to. The regulations of the Guide, as well as of the State, saw to it that the demands of quality, of utility, and of artistic craftsmanship were not sacrificed to the requirements of quantity, or the needs of the unknown ultimate consumer. The duties of the Superintendent of Commerce,<sup>2</sup> as laid down by the *Artha Shastra*, not only prevented or minimised chances of deceit or undue advantage taken of the buyer by the seller; it also ensured that prices were not exorbitant or unconscionable; and that the material, its style, quality, or measure corresponded precisely to the terms of the bargain. Merchants who combined to create a "corner" in a given commodity, and interfered gravely with the normal functioning of the Price Machine, were open to heavy

1. Cp. *Shukra Niti* II. 151, 152.

मानाहृतिप्रभावर्णजातिसाम्याद्य मौल्यवित ।  
रत्नानां स्वर्णरजतमुद्ग्रामामधिपद्म सः ॥  
दान्तस्तु सधनो यस्तु लघुहारविदारदः ।  
घनप्राणोऽतिकृपणः कोशाव्यक्षः स पद्म हि ॥

2. Cp. *A. S.* II, 16 p. 97-99.

punishments. More than one ancient Jurist, Economist and political writer insists, in more than one place, on these cardinal principles of sound trading. They realised the real origin and ultimate justification of all commerce, — its reaction on increasing production, and, through it, of increasing employment for skilled as well as unskilled labour, capital, and the natural resources of the land, — including the talent for management and enterprise available within the country. In contrast with the XIX century notion of Trade being due to the difference in comparative costs, — cost measured in terms of money only, — the attitude of our ancient writers seems to have been more penetrating and with due perspective. Trade, therefore, flourished in all ages of Indian History, not at the cost of Trade but side by side with, the indigenous industry and all other sources of producing new wealth.

#### PRODUCTION AND DISTRIBUTION

Having considered the Institutions, and Organisations that affected, directly or indirectly, the economic life of the country, let us next cast a glance at the actual operation of the Production and Distribution of the new wealth produced. We can but give the merest outlines of these processes, though, the Treatise overflow with the minutest details. What we call Laws of Production or Distribution will have to be inferred from these observations.

More than one Chapter is devoted by Kautilya to the organisation of Production, as also to the different kinds of return to the several factors engaged in those operations; and other writers, of the Dharma and Nitishastras; are no less prolific and explicit on the subject. We shall notice, very briefly, the working of the principal agents of production, and the return enjoined to each of these.

The basic factors of Producing new wealth are easily identifiable in the terms more familiar today; and the treatment of each by the Ancient Masters is no less satisfactory. Land, the source of all raw materials for industry, — manufacture, — and, still more important, of food stuffs; Animal Husbandry, or stock-breeding, if not for food purposes, at least for use of all animal by-products and for their service in haulage and help in the process of cultiva-

tion; Forests, yielding Soma, drugs, fruits and wood for ships and houses, and for vehicles of all sorts, not to mention weapons of war and arts of peace; Mines and Minerals—in fact all the primary sources of wealth, have been carefully, exhaustively considered in their lay-out, their utilisation and exploitation. We have already referred to the rights of private property in land, with their essential limitations; and corresponding rights of the State in Fisheries, Mines and Minerals, and metallurgical Industries, subject to detailed regulations about the kind of labour to be employed, the type of manufacture to be based upon such produce, and the market for the wares made out of it.<sup>1</sup> The following few extracts from the standard Treatise would serve to show the detailed and exhaustive study of everything appertaining to the art and Science of the Settlement, cultivation and Development of land, of Mines and their Exploitation, of Forests and their utilisation.

Speaking of the initial *Formation of Village*, Kautilya advises the King what sort of people should be settled in new villages, what aids concessions or facilities should be given them, what charges levied upon them, and how such lands should be held and worked by them. The very first proposition in the chapter is significant :—

“ Either by inducing Foreigners to emigrate, or by causing the thickly populated areas of his own State to send out their surplus numbers, villages may be built, either on new sites, or on old ruins.”

Here is sound advice for dealing with important population such as we have had recently in some parts of India, due to the influx of Refugees following upon the Partition of the country. It has also more than a hint at a solution of the Surplus popula-

1. See A.S. particularly Book II, Ch. 16.

2. A.S. Book II, 1.

tion in any part of the State, or in the State as a whole.<sup>1</sup> A close study of our ancient writers will not fail to reveal their profound appreciation of the problem of Food and Population, long before Malthus touched off his pessimistic note on the evils of excessive population. The remedies suggested are, even now, worth considering by States and statesmen in a like situation. Reclamation of waste lands, which must have been considerable in those days when Population had still not outstripped the means of livelihood available from the primary source of food supply, and the injunctions about the optimum number of people to be settled on such lands,<sup>2</sup> the term of land tenure for such settled population,—for life of the immediate settler, *एकपुराणिकाणि* (A. S. II, 1) and the provision of the necessary seeds, tools, labour, co-operative organisation, manure and water, not to forget roads and irrigation works, rotation of crops, harvesting and storing of yield, are amazing in their minuteness.

1. "Our Economists entertain no dread", says Rangaswamy, "of a Growing population"; and quotes in support the Vedic benediction :

*दशास्यां पुत्रानाथेहि पतिभेकादशं कृधि ।* (R. V. X. 85.45)

and the obiter dictum of the Mahabharata : (XII 110.23)

*यात्रावै सोऽनन्येषां सन्तानाय च मैथुनम् ।  
वाक्सत्यवचनार्थं च दुर्गाण्यतिरन्ति ते ॥*

It is true the purpose of marriage was :—

*प्रजायै गृहमधिनाम ।* (Raghuvamsha I. 7)

2. But even if they, in those days, were not afraid of population-out-running food-supply, thinkers and writers like Kautilya were not unaware of the problem of numbers inevitable in any well-ordered, peaceful, prosperous community. He has forbidden settlement of people in areas exposed to frequent famines, thieves and wild beasts. Needless to add he was equally mindful of the health and strength or quality of the population; and also the utility of numbers in times of war. (cp. Book VII, 2, pp. 295-297). It is also important to add that the *Varnashrama Dharmas* automatically helped to guard against intolerable increase of numbers by limiting the period for procreation, by enforced widowhood and consequent barrenness for a large number of women; and by insistence upon the duty of every one to provide for his dependents.

*पुत्रामप्रतिविचाय प्रवर्जतः पूर्वसाहसदण्डः । स्त्रिये च प्रवाजयतः ।*  
(A. S. II. 1)

The problem of Eugenics was attended to by our ancient writers through their Marriage and Divorce laws. See Manu III or IX.

The protection of the lands thus settled and developed occupies the attention of the writer, no less thoroughly than the provision of the necessary facilities and accessories of good cultivation and proper production from land. Only a limited quantity of Free Gifts of land are permitted,—to those who perform sacrifices or act as spiritual guides, priests and scholars, who make a return in kind.<sup>1</sup> But these Brahmadeya lands cannot be more than would suffice to provide an easy maintenance for them and their families. Under those conditions, such lands would be exempted from taxation, fines or other dues of the State.

All other lands, prepared for cultivation, must be given to tax-payers; and that for life only.<sup>2</sup> Unprepared, undeveloped, lands must be left with those who are developing them, presumably exempt from taxation at least while the process of development is not completed.<sup>3</sup> But the lands of those who neglect them may be taken from them and given to others who properly attend to the cultivation; or such lands may be cultivated by village labourers or co-operatively. Even those village officials,—or, for the matter of that, Central officials, who e. g. Superintendents, Accountants, Gopas (cowherds), Sthanikas (Local officers), horse-trainers or messengers, veterinary surgeons (Anikasthas) or Physicians, who are endowed with lands in the village, pay taxes in kind, i.e. by their services; and lest these indirect payment be evaded or endangered, it was clearly laid down that such lands could not be sold, mortgaged, or otherwise alienated in anyway.<sup>4</sup> In newly settled places or reclaimed

1. अद्विगाचार्यपुरोहितश्चोत्रियेभ्यो ब्राह्मदेयान्यदण्डकराण्याभिरूपदायकानि प्रयच्छेत् । ( A. S. II. 1 )

करदा: करदेष्वाधानं विकर्यं वा कुयुः । ब्राह्मदेविका ब्राह्मदेविकेषु । अन्यथा पूर्वे साहसदण्डः । करदस्य वाऽकरदभ्रामं ग्रविशतः । ( A. S. III. 10 )

2. करदेभ्यः कृतक्षेत्राण्यैकपुरुषिकाणि प्रयच्छेत् ।  
अकृतानि कर्तुभ्यो नादेयात् । ( A. S. II. 1 )

3. अकृतानामाचित्त्यान्येभ्यः प्रयच्छेत् । ग्रामसूतकवैदेहका वा कुर्वेतुः । अकृ-  
तन्तोऽपहीने दद्युः । ( A. S. II. 1 )

4. अभ्यक्षसङ्ग्यायकादिभ्यो गोपस्वामीकानीकस्याचिकित्सकाव्यदमकजहृधाकरिके भ्यक्ष विकायाभानवर्जनम् । ( A. S. II. 1 )

lands, taxes may be excused for a time.<sup>2</sup> Care was also taken that no obstruction to the work of the cultivators should occur either by coming into the village of certain distractions or by depredators whether beasts or human beings.

Encouragement of Agriculture, even on lands in private hands, was assured by a number of facilities, concessions, or advantages, specifically enjoined to be provided for such lands by the State.<sup>3</sup> It was for this purpose that lands in the hands of those who were neglecting them,—the common evil of hereditary Landlordism,—could be taken away and given to those who were certain to cultivate them much better.<sup>4</sup> We have our modern laws against Land Alienation to non-Agricultural classes; but, both in conception and in administration, these laws have operated, not so much to increase productivity from land by securing real interest in the tiller of the soil, so as to keep out certain classes,—or castes,—from holding, owing or tilling land. This only prevents lands from getting the necessary capital, scientific knowledge, or experienced technique in the process of cultivation. The ancient Economist of India saw to it that no hereditary rights, nor any Royal favouritism came in the way of proper attention to this, the most fruitful and undying source of producing new wealth.<sup>5</sup> By

1. अनुप्रापरिहारै चैभः कोशवृद्धिकरै दद्यात् ।  
कोशोपधातिकौ वर्जयेत् ।  
मिवेशसमकालं यथागतकं वा परिहर्त दद्यात् ।  
मिवृत्तपरिहारत्वं पितेषानुगृहीयात् । ( A. S. II. 1 )
2. सहोद्रकमाहायोदकं वा सेतु वन्धयेत् । अन्येषां वा यज्ञता भूमिभागं दृक्षोपकर-  
णात्महं कुर्यात् । पुण्यस्थानारमाणां च । समूय सेतुवन्धादप्रकामतः कर्मकर-  
वलीवदां कर्म कुर्यु । व्यवकर्मणि च भागी स्यात् । न चांशं लभेत् ।  
( A. S. II. 1 )
3. अहृयन्तेऽपहाने दद्यः । ( A. S. II. 1 )
4. परज्ञकाटवीत्रस्तं व्याधिदुमिक्षपीडितम् ।  
देशो परिहरेडाजा व्ययकीडाव्य वारयेत् ॥  
दण्डविधिकरावाधैः रक्षेदुपहतां हृषिम् ।  
स्तेनव्यालविषप्राहैः व्याधिमित्र वशुवजान् ॥  
वल्लमैः कार्मिकैस्तेनैरन्तपालैऽपीडितम् ।  
शोधयेत्पशुस्त्रैश्च क्षीयमाणं वर्णिकपथम् ॥  
यदं द्रव्यं द्विपवनं सेतुवन्धमथाकरान् ।  
रेत्तेल्लृष्ट्वज्ञान राजा नवांशाभिप्रवर्तयेत् ॥ ( A. S. II. 1 )

the same reasoning, no one was permitted to keep away from any Labour on land, which has been undertaken as a co-operative enterprise. The primary aim of such injunctions was to ensure, through the ever increasing productivity of land, the maintenance of the King's or the Public Treasury. And, for that end, not only were tax-remissions to be granted to those who were bringing new lands under the plough; but even after this reclamatory or preparatory stage was over, the State had to treat the agriculturist as a good father treats his children.<sup>1</sup> Long before the English poet wrote it, the Indian Statesman had realised that ill would fare the land where the peasantry was starved out of existence.

The handicaps of Agriculture in India were, likewise, fully known, appreciated and adequately attempted to be remedied, so that the land should not fall too early or needless victim to what we would nowadays call the Law of Diminishing Returns. The need for regular, sufficient and timely rainfall was felt, as keenly as in our own times.<sup>2</sup>

The uncertainty, uneven distribution, and sometimes utter shortage of this water, was felt enough by the farsighted Economists to insist upon proper means of Irrigation.<sup>3</sup>

Wells, tanks, reservoirs, and larger Irrigation works were enjoined as a public duty, from which no King, no Ruler, could obtain exemption.<sup>4</sup> All the facilities needed for those cultivators,

1. See Ante p. 34 Foot-note 3.

2. अद्वाद्वन्ति भूतानि पर्त्तन्यादन्नसम्भवः । ( B. G. III, 14 )  
वृहुहलपरिक्षयां स्वसूमै दासकमंकरदण्डप्रतिकर्तुमिर्वापयेत् ।  
कर्पणयन्त्रोपकरणवलीवैवैषामसङ्गं कारयेत् । ( A. S. II, 24 )
3. वारीकृपारामसीमाधर्मशालासुराभ्यान् ।  
मागोषेय प्रवाधेयुहीनाङ्गविकलाङ्गकान् ॥ ( Shukra NS. I, 300, 301 )
4. कृपवापीपुष्करिण्यस्तडागा: सुगमास्तवा ।  
कायां: खाताद्वित्रिगुणविस्तारपदधानिकाः ॥  
वद्या तथा द्वानेकाद्य राष्ट्रे स्वाद्विजुर्ल जलम् ।  
नहीनां सेतवःकायां निवन्धा: सुमनोहरा: ॥ ( Shukra NS. IV, 4, 60, 61 )

who could themselves, in such matters, by their own co-operative effort, were to be afforded all facilities, as given in Artha Shastra. Building roads and keeping them free from robbers, wild beasts, and other dangers of the times were an equal obligation of the State, which every writer on the subject insists upon.<sup>1</sup> Proper marketing facilities, seed, cattle, implements and manure, needed by the cultivator if lacking, had also to be provided by the State.<sup>2</sup>

The common pests of Agriculture, locusts, floods, famines, wild beasts had to be guarded against effectively.<sup>3</sup> Public granaries, storing, food grains sufficient for three years had to be set up to serve as a real insurance against deaths from sheer starvation.<sup>4</sup>

On crown lands proper, there is specific injunction to employ an officer, whom we would nowadays describe as an Agronomist, or Agricultural Scientist.<sup>5</sup>

He must be possessed of a knowledge of the science of Agriculture, dealing with the planting of bushes and trees, or aided by those who are trained in such

1. चहुमैः कार्मकैः स्तेनैरन्तपालैश्च पीडितम् ।  
शोधयेत पशुसङ्कुलं श्रीयमाणं वणिकृपयम् ॥ (A. S. II. 1)

In another connection Artha Shastra also speaks of land routes (roads) and water ways, and compares their relative economy and utility. In Book II, Ch. 4 he says:—

चतुर्दण्डान्तरा रथ्या राजमार्गद्वेष्टमुखस्थानीयराष्ट्रविवीतपथा ।

In Book III, Ch. 10 he describes the various ways in which roads can be obstructed, and details punishment or remedies for the same.

2. See Foot-Note 1 above.

3. अतिकृष्टिनावृद्धिर्ब्यविका: शालमा: शुक्रा: ।  
प्रत्यासमाध्य राजान् पडेता ईत्यः स्मृता: ॥ (Malavikagni V, 20. Com.)

4. धान्यानां संग्रहः कायोः चत्सरत्रयपूर्तिवः ।  
तत्तत्काले स्वराष्ट्रपूर्णं नृपेणात्महिताय च ॥ (Shukra NS. IV. 2. 26)

5. सीताभ्यः छितन्त्रद्युलवद्युक्तायुर्वेदस्तज्जसखो वा सर्वधान्यपुण्यफलशाक-  
कन्दमलवालिक्यद्वैमकापासवीजानि यथाकालं शृङ्खीयत । बहुहलपरिकृष्टायां  
स्वभूमी दासकर्मकरदण्डप्रतिकर्त्तुभिर्बाधयेत । कर्वणदल्लोपकरणवच्छेष्ट-  
शैषमसङ्कुलारेत । (A. S. II. 24)

sciences. The Superintendent of Agriculture shall, in due time, collect the seeds of all kinds of grain, flowers, vegetables, roots, vallikya (fruits of creepers) fibre producing plant and cotton. He shall employ slaves, labourers and prisoners to sow seeds on grown lands which have been often and well cultivated. Any lack of ploughs or other necessary implements or of bullocks shall not come in the way of these duties. Nor shall any delay be caused to them in procuring the aid of blacksmiths, borers, rope-makers, snake-catchers etc.

This is a free rendering of the lines of Shamshastry's Translation of the text of the *Artha Shastra*.

The rules given in that connection are obviously models, which the other land-holders would naturally follow, the more so as the State is deeply interested in the success of cultivation. *All ancient Treatises make the King, or the State a sixth-part holder even in privately owned lands.*

#### CATTLE-BREEDING, DAIRYING & ANIMAL HUSBANDRY

Formation of Pasture lands, with a view to provide grazing ground, and thereby attend to the Cattle wealth of the country, has demanded no less attention from the ancient Treatise-writers. The injunctions upon land revenue collectors, which will be noticed more fully below, reinforce the same notions and ideals.<sup>1</sup>

Detailed description of the rainfall follows and also of its variations in the different parts of the country, as well as of the value of its proper distribution; what crops should be sown and when; what soils are suited to which crops; how the natural deficient or irregularity of rainfall is to be made good by artificial irrigation, are dealt with in the same Chapter, with astounding minuteness. The reference to the conjunction of the Sun and the Stars, and Planets in their ceaseless round, as important factors for regulating the different stages of agricultural production, may provoke a smile, - only among those unfamiliar with the regularity of the Indian Monsoon, or the Rainy Season. Chanakya is, of course, not unmindful of the erratic possibilities of the Monsoon; only, knowing that, he not only lays down the general rule, but indicates the chances of a dependable forecast of the Monsoon behaviour.

1. Cp. A. S. Book II Ch 2, pp. 49, 117, 141, 305. Book II, Chs. 23 and 24; also Book VII, Ch. 14.

Having laid down which seed should be sown when, the Master wisely concludes the Section:—"The seeds may be sown according to the changes of the season."

Lest any land should go uncultivated, the Royal Agronomist is authorised to take the help of private cultivators, and share the produce in different proportions with them. Variations in water rates are also ordained in the same manner. No land, in brief, must go out of cultivation for lack of water, workmen, tools or implements, seeds, manure or other requirements of sound agriculture.

Manuring the land by the ordinary night soil, animal fat, or butter, burnt bones and fish manure, and cow-dung or cotton seed is well-known and commonly practised. Agricultural labour, whether of slaves, prisoners, or volunteers, is not to be neglected. Payment in kind, as well as in cash, are mentioned and, considering the price level of those days, seen fairly liberal.

#### CATTLE BREEDING, DAIRY-PRODUCE, AND PASTURE.

Next only to Agriculture proper, cattle-breeding and dairy produce are mentioned by the Master as the most important branch of the Science of Economics in India. At least two full chapters (II, 29, and III, 10) are devoted to this most important branch of primary production. The very opening line of Chapter 2, Book II, of the Artha-Shastra says:—

"The King shall make provision for pasture grounds on uncultivated land". (p. 53)<sup>1</sup>

Almost all our modern problems in connection with animal husbandry and Dairying Industry, as well as bye-products of animals like hides and hair and hoof, bone and flesh, milk and cheese and curds and ghee, as well as other milk products, straying cattle, lost, old, barren, disabled or diseased cattle; dangers from thieves, wild animals, or beasts of prey, by land or water, are touched

1. A. S. p. 49.

upon with masterly thoroughness. The Cow was, from time immemorial, sacred; and anybody who hurt or caused to be hurt was liable to death penalty; and so also *a fortiori*, any one who killed it.

Breeding and branding, as a mark of ownership, were also a common occupation. We must never forget that the greatest title of Krishna was Cowherd, his most popular doings, the dalliance with the women—cowherdesses—of Vraja.

The pasture-lands and grazing-grounds were a prime necessity, and the King was required, as we have already seen, to provide such grounds on uncultivated, waste lands. In Book III, Chapter 10, the writer reverts to the same subject, and enjoins:—

"Pasture lands, plains, and forests may be availed of for grazing cattle".

But let the privilege be abused, heavy punishments are prescribed for those who allow their cattle to stray on private lands, and destroy or eat away the crops on such lands. Exception is made in the case of bulls dedicated to village deities, or cows recently in calf, or breeding bulls. To guard against those rules operating too harshly, a system of Reserve Forests, to serve as Pasture-grounds, was provided. A due proportion is thus maintained between Cultivation, and waste lands or Pasture, so that all forms of agricultural wealth should flourish side by side.

Finally, in considering the Cattle wealth of the country, the ancient Treatise-writer does not think only of Dairy produce. The use of Cattle in haulage, in transport for war or peace, is no less obvious and important an aim. "Pasture lands" he says, "are the source of cows, horses, camels to draw (war) chariots".

#### FOREST WEALTH

Yet another branch of Agricultural Economics concerned the maintenance of Forests, of which, in those days, there could not have been any lack. Nevertheless, the *Vana Mahotsava* of

those days seems to have had its significance, as in our days. Our classic literature,—drama and story, poetry and fable,—overflow with references to gardens or Kautilya says:—<sup>1</sup>

"The Superintendent of Forest Produce shall collect timber and other forest produce, by employing those who guard productive forests. He shall not only start productive works in forests, but also fix adequate fines and compensations to be levied from those who cause any damage to productive forests, except in calamities".

A long list of Forest trees, beginning with teak, follows and ends up with an equally long list of other Forest produce, like hides or skins of wild animals or beasts; bones, bile, sinews, teeth, horn hoof and tail. The economic importance of these products lies in their providing raw material for other industries, like ship or house-building, plough or chariots, oils and essences, firewood and fodder, the ores of various metals and metallurgical industries based thereon; and, above all, drugs and medicinal plants and herbs to safeguard the health of the people.

The military importance of forests is interwoven and inseparable from economic importance; for ships and chariots can be used as much in war as in peace, just as much as weapons and armour of all descriptions made out of these products. That only proves, once again, the impossibility of distinguishing between and keeping strictly apart the economic and political or national aspects of such matters.

Let us end this Section by quoting once again from the ancient Master:—

"The Superintendent of the Forest Produce shall carry on either inside or outside (the capital city) the manufacture of all kinds of articles which are necessary either for life, or for the defence of forts":<sup>1</sup>

<sup>1</sup> A. S. Book II Ch. 17.

This entire industry,—except, perhaps, private gardens was, like Mining and Mineral produce as well as Metallurgical industries, and considerable segments of agricultural land, part of the public Domain or State Enterprise in ancient India declared, sanctioned, approved and authorised by the highest canonical authority, as well as by public practice.<sup>1</sup>

After all this discussion it is necessary to dilate at length upon that other form of primary production,—Mines, Minerals and Metallurgical Industries. By common consent, and on sound authority, these too, were part of State enterprise. Reasons of national security, and basic ideas of conserving the inherent wealth of the soil, led to this principle of public policy and national economy, which all through the long ages of our history remained state-owned and state-managed until the advent of the British Rule in India, and its concomitant of free enterprise. In a classic passage, Kautilya lays down:—<sup>2</sup>

आकरकर्मानद्यवहस्तिवनव्रतविष्णुप्रयप्रवारान्  
वरिस्यलपवप्यपायपत्तनानि च निवेशवेत् ।  
मत्स्युवहरितपाण्यानां सेतुषु राजा स्वानां गच्छेत् ॥

(A. S. Bk II Ch I)

Note further that large chunks of commerce, mere exchange of commodities, whether produced in state-owned farms and factories, mines or forests, or not, are reserved for the State. We shall notice the Section on Trade separately; but the point of essence here in the present argument, is that there is no harm in mentioning all these at this stage.

In matters of secondary, or industrial production we may begin with an interesting item, showing the degree of skill and achievement ancient India had attained in metallurgical industry.

Indian steel is mentioned as the best of its kind for weapons by the ancient Greek Historian, Herodotus, while speaking of the Indian Contingent in Darius' army. But even if we

1. A. S. Bk. II Ch. I. p. 47.

2. "He (the King) shall carry on Mining operations and manufactures, exploit timber and elephant forests, offer facilities for cattle-breeding and commerce construct roads for traffic, both by land and water, and set up market towns. On fish and green Vegetables also the lordship vests in the King....."

leave out these relatively scattered,—though not unimportant,—classical references, the illustration of the great Iron Pillars of Delhi and of Dhar, cannot and must not be overlooked. In this connection, I hope you would not consider it self-laudation if I quote from me my own works:—*The Splendour that Was Ind.* Speaking of the age of the Rig Veda at least a thousand years before the rise of this Mauryan Empire, the *Cambridge History of Ancient India* says:—

"Next in importance (to the wood-worker) was the worker in metals, who smelted ore in the furnace, using the wing of a bird in place of bellows to fan the flames. Kettles and other domestic utensils were made of metal. It is, however, still uncertain what that metal, which is called *Ayas*, was. Copper, bronze and iron alike may have been meant."

The same authority elsewhere gives 1,000 B. C. as the probable date for the introduction of iron in India. But whether or not iron and its manufacture were understood by the Vedic Indians, their descendants in the Mauryan Age had undeniably achieved great excellence; while another six hundred years later, in the hey-day of the Gupta Empire, their skill was equal to turning out such masterpieces as the Iron Pillars of Delhi and of Dhar, of which a great geologist wrote:—

"It is not many years since the production of such a pillar would have been an impossibility in the largest foundries of the world; and even now there are comparatively few where a similar mass of metal could be turned out".

Describing the Delhi Pillar, the late Dr. Vincent Smith wrote:—

"It is now established beyond the possibility of doubt that the material of the Pillar is pure malleable iron of 7.66 specific gravity, and that the monument is a solid shaft of wrought iron welded together..... The total length of Pillar, from the top of the capital to the bottom of the base is 23 ft. 8 inches.

22 feet are above ground, and one foot 8 inches are below ground. The weight is estimated to exceed 6 tons.

Dr. Smith, we may observe in passing, does not seem to make sufficient allowance for the fact that the Pillar stands in the midst of a Muhammadan mosque; that the iconoclastic zeal of the early Muslim may have lopped off a considerable portion, e.g. the iconographic capital from the original pillar..... and that consequently, both the height and the weight of the original monument may have been much greater. Certainly, the three pieces of the Dhar Pillar, aggregating 42 feet in height, must have weighed proportionately more".

Further comment or illustration is needless.

Besides Metal Industries a large number of allied crafts were carried on within a high degree of skill.

" We hear of hunters, of several classes of fishermen, of attendants on cattle, of fire-rangers, of ploughers, of charioteers, of several classes of attendants, of makers of jewels, basket-makers, washermen, rope-makers, dyers, chariot-makers, barbers, weavers, slaughterers, workers in gold, cooks, sellers of dried fish, makers of bows, gathers of wood, door-keepers, smelters, footmen messengers, carvers and seasoners of food, potters, smiths and so forth. Professional acrobats are recorded and players on drums and flutes. Besides the boatman appear the oarsman and the poleman.<sup>1</sup>

#### OTHER INDUSTRIES

The foregoing is an illustration of the volume of industrial production, and the quality of the produce. In innumerable other Industries, India of the Mauryan Age, and earlier was leading the van of the then industrial world. Her textiles were famous all over the world, and recorded to be such by foreign visitors to our shores, beginning with Megasthenes, the Greek Ambassador to the Court of Chandragupta Maurya. Lassen, a German scholar of

1. *Cp. Splendour That Was 'Ind.* p. 174

wide study, has noted the Egyptian Mummies of the later Dynasties were found wrapped in India-made cloth, dyed in indigo colours.<sup>1</sup> This proves, at one effort that the Textile Industry, particularly cotton goods, were produced in India from time immemorial, and that the necessary adjunct or accompaniment of that industry, Dying, went hand in hand. The extreme fineness of the products of the Indian Loom has been noted by the earliest of the foreign travellers, and recorded in *Watt's Dictionary of Economic Products of India*, where it has been remarked that the highly skilled Indian craftsman of the days of the Great Mughals was able to spin and weave as high as 600 counts, while the best Mill product of modern times might rise to 400.<sup>2</sup> The quantity, finally, India was accustomed to produce, in those days, of all counts of cotton goods, was enough to clothe every man, woman and child from the Cape of Good Hope to Kamchatka.<sup>3</sup> Later day Anglo-Indian scholars, or research workers, perhaps anxious to prove what was for them a foregone conclusion about the excellence and superiority of British Rule compared to all previous experience, have tried to throw some doubt on such statements of unconcerned and unbiassed foreign observers.<sup>4</sup> But their laboured endeavours can succeed only in bringing out into unexpected relief their own bias in such matters.

What applies to cotton might apply to silk goods also, though that fibre was not of Indian origin. The craftsman, however, was Indian; his skill in weaving the silk yarn guaranteed him a market for his wares in the most recherche Courts and Capitals. Silk and Cotton goods formed the bulk of the exports from India overseas, and accounted by themselves for no mean proportion of the Gold drain from Rome of the Caesars, of which Pliny complained in the early centuries of the Christian era. It is possible India may have herself also imported Silk goods from China, the foundation sources of that commodity;

1. Cp. *Splendour That Was Ind* p. 179.

2. Cp. *Trade, Tariffs and Transport in India* by K. T. Shah Ch. I.

3. Cp. *Moreland, India at The Death of Akbar*.

4. Cp. *The Two Companion Works of Dr. Moreland*.

but quite early in our nation's story she herself begins to make and manufacture that luxury article, for her own use, as well as for export.

Wood-workers were known from the earliest days; and all the subsidiary industries, — if we may use the expression without disrespect to those great crafts, — of house-building and boat-building; of furniture-making and weapons of all sorts, — had almost a prehistoric origin. The laws of their production, the prices of their wares, the relation between the workers and the employers, and between the craft as a whole and the country collectively, were pretty well understood and put into effect even before the days of the Jatakas, no wonder Kautilya has very minute detailed chapters in his immortal work on these industries.

Having already noticed, Metal works in the great example of Iron and Steel goods, it may be superfluous to examine in more detail other non-ferrous metals, or precious stones, as part of the industrial organisation of this country in the days of Chanakya and before. Many and abundant were the metal—supplies and metallurgical industries of India in those days; and in most if not all of them, entered a degree of skilled craftsmanship, which was on a par with the rest of the skilled production done in the country.

Animals and animal products entered into the industrial makeup of India, from unrecorded history. In the next Lecture, while dealing with the origin, volume, and character of the overseas trade of India in those days, occasion will be availed of to give specific examples. Here we may add that several animals, like the monkey and the peacock, were Indian exports to countries of the West, such as the Kingdom of Solomon. The elephant, too, may have its attraction for war, if not for courtly splendour, to other countries. Its tusks, Ivory, at any rate, figured very prominently in the Foreign Trade of country, and constituted one of the most marvellous example of Indian artistry in commercial products.

#### LABOUR — SKILLED AND UNSKILLED

All this space has been devoted to the Industrial achievements of ancient India, not to indulge in a more rhapsody about

vanished glories; they serve to illustrate the organisation, the variety and volume, of our productive machinery in those days. Besides the natural gifts of the land, its mines and forests, its rivers (said to have gold-sands) birds or beasts, as well as its plants and trees, the other great factor of production was the workman, the artisan, even the merely casual labourer working on someone else's enterprise. The entrepreneur as well as the artisan had his distinct role; and regulations are laid down by the ancient Treatise-writers in plenty to assure justice and fair deal to the workers.

Labour must have been cheap and plentiful, but not altogether a negligible item in the organisation of ancient Indian Industry. Thanks to an abundant population, there was never an absolute scarcity of labour; nor, thanks to the Varna-Ashram-Dharma-cries-crossed with *Shrenis* and *Jatis*, the large scale Unemployment of modern industrialised nation must also have been unknown. Labour was free to move from place to place and bargain for its own terms of employment; but custom also had a great deal to say in fixing and maintaining wage-rates and working conditions. We shall notice more fully below the ideas and injunctions of Shukracharya on this subject, which are as interesting, as they are liberal and detailed.

Speaking of Slavery as economic institution in India, we have already referred to the place in the economic system of the free labourer.<sup>1</sup> But lest there be any confusion or misunderstanding, let us summarise the regulations of Shukra and Chanakya on the subject of industrial labour.

We have already seen how almost every ancient Indian authority looks upon even the King as a servant of his people, and for that a definite prefixed salary is allowed.

An entire book, and several other passages incidentally coming into the text, have been devoted by the author of the

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1. Cp. A. S. Book III, Chapters 13 & 14.

Artha Shastra to the choice of the King's Ministers, i.e. his principal Servants and Advisers,—and definite scales or figures of salaries given to these under the Maurya Emperors have been stated.<sup>1</sup> The King who did not discharge his duties as prescribed was as much liable to be removed from his post as any ordinary worker of his. On the other hand, Kautilya is positive that "Those who do not heed the claims of their slaves, (Dasa) hirelings (Ahitaka) and relatives, shall be taught their duty."<sup>2</sup> The contract is thus double-sided, not one-sided. Shukra Niti is another ancient authority, distinctly indicating a contract of service.<sup>3</sup>

In passing, it would be interesting to note that Shukra as well as Kautilya are emphatic that, at least so far as the King's business is concerned, nothing should be done without written authority; and a whole series of officers,—right up to the Yuvaraj and the King himself, has been laid down giving the different endorsement by each of the several officers and dignitaries, till it get the Royal Sign Manual of His Majesty, saying "I accept" (or it is adopted with his Seal).<sup>4</sup>

Wages may be payable by time, or for piece-work. In time wages, again, they may be payable annually, or monthly, or daily.<sup>5</sup>

The model employer,—the King, for example,—should not reduce the agreed wage, nor delay payment. The writer is positive that those servants,—workers,—who lose their wages are turned into enemies by the employer himself.<sup>6</sup> An instance of

1. Cp. Jayawal's Hindu Polity, pp. 304-5.

2. A. S. Book II, Ch. I, p. 51.

3. Cp. Shukra p. 201, Verse 386 Bk II.

4. Cp. Shukra-Niti, Sections II and III.

5. Cp. Shukra-Nitisara II.

6. Cp. Shukra II.

the economy of high wages, regularly paid, which seems far in advance even of our own times in many a soi-distant progressive and industrialised country.

Another similar idea, also in advance of our own days in many countries, is the question of a National Minimum or at any rate, a guaranteed minimum for every worker, and for every class of workers.<sup>1</sup> A nice distinction is drawn between a minimum of necessities, and wages according to the quality of work, or the time taken, as agreed. The hours of work are fixed<sup>2</sup> or rather the time that a good master should allow to his home duties. Holidays-with-pay is yet another peculiarity insisted upon in employed relations by our ancient authorities.<sup>3</sup>

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1—2. भूत्यानां गृहकार्यार्थे दिवा यामे समुत्सुकेत ।  
 निशि यामवये निल्य दिनभूयेऽर्थयामकम् ॥  
 तेज्यः कर्त्यै कारयीत हृत्यवार्यैविना नृपः ।  
 अत्यावश्यं तृप्तस्वेऽपि हित्या आद्वदिनं सदा ॥  
 पादहैलां भूति त्वामें दद्यात् वैमासिकीं ततः ।  
 यश्चवत्सरभूये तु न्युनाविक्यं यदा तथा ॥  
 वाप्मासिकीं तु दीर्घाते तपूच्चं न च कल्पयेत् ।  
 नैव पश्चाद्विमार्त्य हृत्यवाल्याऽपि वे भूतिः ॥  
 संवत्सरोदितस्यापि आहाः प्रतिनिविस्ततः ।  
 सुमहद्युगुणिने त्वामें भूत्यद्वे कल्पयेत् सदा ॥  
 सेवां विना नृपः एकं दद्याद् भूत्याय वत्सरे ।  
 चत्वारिंशतसमा नीताः सेवया येन वै नृपः ॥  
 ततः सेवां विना तस्मै भूत्यर्थं कल्पयेत् सदा ।  
 यावज्जीवं तु तत्पुत्रेऽप्तमे वले तद्धेकम् ॥  
 भार्यांशां वा सुशीलायां कल्याणां वा स्वधेयसे ।  
 अष्टमांशो पारितोर्यां दद्याद् भूत्याय वत्सरे ॥  
 कार्याण्मांशो वा दद्यात् कार्यं द्रामाधिकं शुतम् ।  
 स्वाभिकार्ये विनष्टे यस्तपुत्रे तद्भूतिं वहेत् ॥  
 यावद् वालोऽन्यद्या पुत्रगुणाम दृष्ट्वा भूति वहेत् ।  
 वष्टांशं वा चतुर्थीशं भूतेभूत्यस्य पालयेत् ।  
 दद्यात्तदर्थं भूत्याय द्विविवर्पेऽखिलं तु वा ॥

1. See F. N. above.

While workmen's insurance in sickness, old age, or accident is a model of its kind, considering the time these rules were promulgated. Says Prof. Aiyangar :—

" For domestic servants, Shukra provides leisure for three hours in the day, and nine hours in the night. His scales of sick, accident and pensions benefits are very reasonable. A bonus of three months pay is due to a servant who has served five years, and of six months' wages to one who has been long ill. A fortnight's leave with allowance is due to one who has been employed for a year, a life pension of one-half the pay to a public servant who has served for forty years, and half the amount to his widow or minor children in case he dies in services ; a bonus of 1/8th the pay for an efficient servant, for every year of his service, with compensation to the family in the case of a worker, who dies in harness."

Shukra realises fully the value of kind treatment as one of the alleviations of labour, and has many wise words of advice on the subject. " No provisions " this author concludes, " of equal liberalism are to be found in other parts of our old economic literature.<sup>1</sup>

Kautilya is, no doubt, somewhat less liberal in this regard. But his primary concern seems to have been to get the work of the State done. His emphasis, therefore, appears always to be upon the promised quality, and not in the stipulated time in which the work was agreed to be done. He, too, accepts the contractual basis of worker and employer relation. Says the Master.<sup>2</sup>

" Neighbours shall know the nature of the agreement between a master and his servant. The servant shall

1 Cp. Op. Cit. pp. 111-12.

2 Cp. Bk. III Ch. xii.

get the promised wages. As to wages not previously settled the amount shall be fixed in proportion to the work done and the time spent in doing it (karma-kala-anurupam at the rate prevailing at the time). Wages being previously unsettled, a cultivator shall obtain 1/10th of the crops grown, a herdsman 1/10th of the butter clarified, a trade 1/10th of the sale proceeds. Wages previously shall be paid and received as agreed upon.

Artisans, physicians, musicians, buffoons, cooks and other workmen, serving of their own accord, shall obtain as much wages as similar persons employed elsewhere usually get, or as much as experts (kushalah) shall decide."

Notwithstanding the binding character of contracts of work Kautilya recognises the desirability of allowing reasonable remuneration only, especially as the extreme need of a worker might compel him to accept any wage. The converse doctrine should apply, by parity of reasoning, in the case of a worker, driven by dire necessity, to accept any consideration, though the writer does not explicitly say so. But he is quite clear regarding the State's obligation to maintain the aged and the infirm, the children and orphans. In the chapter on Rules regarding Labourers (Bk III Ch. 14) he observes :—

" He who is incapable to turn out work, or is engaged to do a mean job, or is suffering from disease, or is involved in calamities shall be shown some concession."

while in Book II of the Artha Shastra, speaking primarily for agricultural population, the writer observes :—

" The King (State) shall provide the orphans (Bala) the aged, the infirm, the afflicted and the helpless with maintenance. He shall also provide subsistence for helpless women when they are carrying, and also to the children they give birth to."

Elders among the villagers shall improve the property of bereaved minors till the latter attain their age; so also the property of gods.

When a capable person, other than an apostate (Patita) or mother neglects to maintain his or her child, wife, mother, father, or minor brothers, sisters, or widowed girls (kanya-vidhawashcha) he or she shall be punished with a fine of 12 panas.

When without making provision for the maintenance of his wife and sons, any person embraces asceticism, he shall be punished with the first amercement; likewise any person who converts a woman to asceticism.

Whoever has passed the age of copulation, may become an ascetic, after distributing the property of his own acquisition. Otherwise he shall be punished.<sup>1</sup>

All his other rules in this and other sections of the Artha Shastra, indicate his intense insistence upon the work to be completed within the stated or stipulated time. That is why he would exclude all disturbing agents from the village, whether actors, musicians, singers or buffoons, or any one else who has no legitimate or usual business in a village.<sup>2</sup>

1. Cp. Op. Cit. Book II. Ch. I.

2. According to Shukra, even the King's soldiers must not enter a village without some specific business of the King.

The basic theory of wages adopted by our writers of old is that the worker actually contributes to the production of new wealth; and so their wages is nothing but the share due to them. All the rules, given by them and quoted above, are replete with this idea. It is not exactly identical with what we would, nowadays, call the Labour Theory of Value; but it has more than a trace of that theory. The unpleasantness of work, and the wage being a compensation for the same, is negatived by them by definitely forbidding such work to be done by slaves or war-hired labourers. We have quoted Kautilya's rule on that while discussing slavery in India and, to some extent, while speaking of the treatment of the disabled, diseased worker or one engaged in unpleasant work.

**CAPITAL AND INTEREST**

The last of the Trinity of the Factors, or Agents, of production, according to modern terminology,—Capital—need not be discussed at further length. In Lecture I, mention has already been made of the recognition accorded by our ancient economists to this necessary item in the functioning of the economic machine. A little more may have to be said hereafter, in a later Lecture, regarding the so-called return to Capital Interest. Indian economists also recognise a fourth factor Enterprise, and the return to that in the shape of Profit; but that will also be discussed in the next Lecture while reviewing organisation of Trade and Traders.

ANCIENT FOUNDATIONS OF ECONOMICS IN INDIA-  
LECTURE III

Having considered, in the preceding Lecture, the volume and variety of production in ancient India; having glanced at the principal organisations of production and distribution, and having noted the chief factors of production, let us now examine the object of all such activity, the principal use made of this wealth, or the sum total of material goods and services produced in the country within a given period.

The obvious, primary principal use of wealth, in the form of material goods and services produced in a community within a given period, — was to consume it, to utilise or enjoy it. The aims of all civilised, human life were given as four : *Dharma*, *Artha*, *Kama* and *Moksha*, i.e. Duty, Wealth, or material well-being, Desire or satisfaction of some of the primary instincts, — call them wants or needs of man; and, finally, Emancipation from the bonds of Karma, a rebirth and emergence into supreme, absolute beatitude, where there were neither desire nor its satisfaction. The last of these may be regarded as non-worldly or supramundane. But the other three were essentially of this world. Even *Dharma*, — which is sometimes erroneously translated as Religion, — is, fundamentally speaking, of worldly concern; as a proper knowledge of the duties attaching to the different stages and conditions of life, or classes of society being indispensable for the proper acquisition and effective enjoyment of wealth, or the pleasures of life, the satisfaction of desires, the glorification of the senses.

Given these principal aims of life, canonically declared and accepted, the relative emphasis on each is a matter rather of degree than of kind. The great Law-Giver, Manu, writes. — (Ch. II, V. 224).

वर्मीयोऽनुजते देवः कामावी धर्मे एव च ।

अर्थे एवेद च शेषलिप्तवर्गं इति तु स्थितिः ॥

While an equally eminent authority in his own subject, Vatsayana of *Kamasutra* fame, gives its proper place to each in a

sort of compromise,<sup>1</sup> which, in his own way, Kautilya also endorses. (A. S. I. 7)

The acquisition and enjoyment of material wealth and the pleasures of the senses being thus a recognised, legitimate aim of human activity, which may be pursued by organised endeavour, and form part of the social system as ordained from eternity, Indian writers had no hesitation in giving its proper place to the satisfaction of man's wants, to the utilisation of the volume material goods and services produced in the community.

This was, however, not the exclusive concern of the individual seeking to satisfy his wants, or fulfilling his desires. Our great treatise-writers seem to have recognised, from the earliest times, that where, or while man did not live in a jungle by himself, — while he was either not a savage or a *Vanaprastha*, — he must conform to the rules of his environment, and harmonise with the social milieu in which he lived, moved and had his being. The various stages and functions of the different classes and conditions, laid down in the accepted scheme of society, must be duly observed, on pain of definite punishments prescribed by the same authorities.

The individual, therefore, had his being and living conditioned and circumscribed by the same framework. But, within that, he had freedom of movement or action, which clearly marked out the ancient Indian society from what may rightly be called a *statis* society.<sup>2</sup> Not only personal freedom of action was thus secured, within limits; there were cross divisions by economic organisation cutting across limitations of birth and function, which added still more to the freedom of the individual. The *Shreni* and the *Puga* had their regulations, just as much as

1 Kamasutra 1, 2, 15-16.

2 Says the Cambridge History of India (p. 216):—

"The act of exchange between producer and consumer, or between either and middle-man, was, both before and during the age when the *Jataka* book was compiled, a free bargain and a transaction unregulated, with one notable exception by the system of statute fixed prices."

the Caste; the *Sarthavaha* had a place and function, no less important than that of the chief of the Caste, or the Mayor of the Town, *Shreshti*.

Under these conditions the socio-economic system of ancient India served not only to secure to each individual a proper place, suitable to his Guna-Karma, his aptitude and attainment, but also assured him a standard of living to which he was accustomed. There was, and could be, no very great problem of Unemployment in ancient India, since the Work-and-wage regulations, noticed above effectively ensured against that. Nor did they think that a *Wanaprastha* or a Sannyasi, who lived by begging, was unemployed or a parasite. Only those could be allowed, in the *Artha Shastra* injunction, to retire to the forest and live by alms, who had fully discharged their allotted tasks, or enjoined duties. The pupil at school with his teacher could also not be regarded as a parasite, even though he lived by begging, for he was the future product.

Finally, the quantity needed for reasonable satisfaction, and the quality of the goods and services consumed, could also be regulated by such devices as price fixation and control, or the regulation of Markets, or those for the protection of as well as for protecting against, Traders, and those relating to weights and measures.

It may be interesting, but not very necessary, to say: which was the primary socio-economic unit in ancient India, the Individual, or the Family, or any other group. The Group, — particularly the Family, — is recognised in the *Dharma* as well as the *Artha-Shastras*, as the basic unit; and certain obligations are imposed upon the individual, without fulfilling which he cannot be allowed even to seek his spiritual salvation. The Nineteenth century doctrine of extreme Individualism,—the so-called achievement of the goal of social progress by substituting *Contract* for *Status*, and thereby enfranchising the Individual,—had no place in our ancient system. According to the latter conception of the goal of social progress, the race was not, and could not and need not

be, to the swiftest. Survival of the Fittest is a doctrine of perverted civilisation, wherein purely material needs and their physical satisfactions seem to sum up the aim of human endeavour. Man is reduced to be a beast of prey, preying without compunction upon his fellows; and society his hunting ground becomes automatically converted into a jungle. It is called competition, or freedom of individual enterprise, actuated by the profit motive, which makes a mince-meat of cooperation, the only true basis of human activity. In our ancient culture, therefore *survival of the weakest* was most assiduously,—almost religiously,—attended to; and the larger units,—groups,—of the Kula (Tribe) and the Grama (Village) had their claims upon the individual no less than upon the family, which, we may say without any exaggeration, went very much nearer the Communist doctrine in Distribution; from each according to his ability; to each according to his necessity.

#### TRADE

In this system, then, Wealth,—material goods and services,—duly produced, had to be properly consumed, or utilised. That which was needed for immediate, direct, or home consumption, was, of course, used up on the spot. The economic system gave prominence and preference to Production-for-Use as against Production-for-Exchange. But when a surplus over all reasonable home needs was left over; or when any commodity was in excess of all home requirements, it may well be utilised for export, just as well as any commodity, which was not available in home production ~~insufficient~~ or required quantity could be, and would be, imported. This was the origin of Trade in India,—whether internal or international. It was a natural and scientific origin undiluted by artificial factors inseparable from modern doctrine of Comparative Differences in the Cost of production of the same commodities in two different communities, or countries. In the latter case, since costs would necessarily be measured in money terms, there would in reality be no basis for comparison, even though, seemingly, all values are expressed in a common denominator. The difference in the stage of industrial evolution

and equipment in different countries makes all the difference to the productive capacity of a country and its ability to secure the best terms for itself in any act of exchange, where in the essential and inherent quantities of its soil, or of any other basic factors of production would have little to say. The international jealousies, rivalries and conflicts, which have been the characteristic of the Western Economic History in the last 150 years; the Tariff wars and more bloody strife which has come in consequence to disfigure and endanger our present civilisation (?), are the result directly of this misconceived origin and function or purpose of Foreign Trade.

Without, therefore, attempting in the least to trace a similarity of thought between the ancient Indian and modern doctrine of the origin, nature and object of Foreign Trade, we shall proceed to examine the basic ideas of our ancient writer on this subject, for trade, as already observed in the First Lecture, reckoned by Kautilya, the Father of the Economic Science in India, and his compeers in the field, in part of National Economy, a fundamental ingredient and a necessary concomitant, Trade, as the source of new wealth, and a means of filling the gaps, if any, in a country's productive organisation, as well of disposing of its surplus to better advantage, was an honoured and a legitimate means of livelihood, wherein there was no sense either of preying upon one's fellows, or securing undue advantage by unjust means for one-self. Within the basic conception of the ultimate origin and justification of all Foreign Trade, Indian writers are as prolific and penetrating in their ideas on Trade, as their confreres of any age or country. Discussion of the theory of Trade, on the basic consideration just mentioned, involves also consideration of the Theory of Value, or the making of prices, or values, in exchange which includes the cost of Production, or the Sacrifice Theory of value, Scarcity Theory of value, and the Utility Theory of value. The interaction of Demand and supply fixing or determining prices of commodities, (which may then be fixed or regulated by public decrees) is implicit also, in these, ideas. The utility of an article to a particular individual, at a given moment, or in a given place, may vary—an elaboration of the theory of "Marginal

"Utility", which will need far greater explanation or exposition than we can devote in this place. The verses, however, of the great Economist Shukra Acharya make it abundantly clear that:—

रत्नमूलं तु तत्त्वं स्यात् यद्यद्ग्रातिमं भुवि  
यथादेशं यथाकालं मूलं सर्वस्य कल्पयेत्  
न मूलं गुणहीनस्य व्यवहाराक्षमस्य च ।

Whatever is without, another of the same kind (*Apratimam*) is as good as a gem. We should take the value of each commodity according to time and place but there can be no value (price<sup>1</sup>) of that which is incapable of being exchanged (*vyavahara-akshamasya*).

Earlier still, in his famous Treatise, this legendary savant holds:—

येन व्ययेन संसिद्धस्तत्त्वयस्तस्य मूल्यकम् ।  
सुलभात्तुलभत्वाचागुणत्वगुणसंब्रयः  
यथाकामात् पदार्थीनामधै हीनाधिकं भवेत् । Cp. Cit. II  
356, 357

"Whatever one pays for obtaining a thing must be taken to be the cost or value (*Mulyam* of that article). Value (Price) is determined by the easiness, or otherwise, of obtaining; and also by the inherent utility or lack of it".

These aphoristic, and yet quite specific, precepts must be properly interpreted, especially when translating them in the idiom nowadays most familiar to those concerned with such studies. The direction of Shukra, it need hardly be added, that in determining prices specific conditions of the time and the place must be taken into account, is for the guidance of administrators, even though it embodies at the same time a sound principle of the

1 Shukra—Niti IV, 2, 106, 107.

Theory of Price making. Incidentally, it also shows how closely connected were the science and the art of Economics in the ancient Indian mind.

This is borne out by the injunction of the Master, also Kautilya is, as in most such cases, not much different in his views on this subject. He directs :—

यष्याच्यक्षः स्वल्पलज्जानां नानाविधानां पण्यानां स्वल्पयव्यवारिष्यो-  
पकातानां सारकात्वव्याप्तानां प्रियाप्रियतां च विद्यत ।  
तथा विक्षेपसंक्षेपकापविक्रयप्रयोगकालान ।

Kautilya II. 16, pp. 97-98

(The translation is taken from Prof. Aiyangar Op. Cit. p. 92.)

"The Superintendent of Commerce (shall we call him President of the Board of Trade ?) shall be conversant with the conditions of high and low prices, and the quick and slow sale ability of the various kinds of goods, whether brought into the country by land routes, or water routes. He should also know the appropriate time for buying in and selling-out, and for expanding or contracting his stock".

The basis of Trade being thus natural i. e. in surplus or specially of produce for export or import, its regulation was necessarily deeply tinged with freedom. The Merchant was an honoured and important item in national economy ; and every facility, convenience or concession, which could be shown without prejudice to the national interest was to be freely given. Roads were to be built and rest-houses provided. Ships occupy a whole chapter of the Artha-Shastra.<sup>1</sup> Concessions in taxes or dues are also to be allowed, नायिकसार्वेयदेव्यः परिहर्तमायतिशमं दद्यत । says Chanakya (Book II Ch. 16. p. 98). In other words, if the long-range national interest was in no way affected, foreign traders should be attracted by every advantage. Even in matters of trade disputes, Kautilya permits :—

अनप्रियोगद्यायेष्वामन्त्वाम् । अन्यत्र सम्योपकारिष्यः । (A. S. II-  
16-98)

But if they abused these facilities and advantages, if they indulged in corners and destructed the free functioning of the economic machine, heavy fines and penalties were leviable :—

विदेहकानां वा संस्कृत्य पाण्यमवरुद्धतामनधेण विकीर्णतां वीणतां वा सहस्रं दण्डः ॥

Manu's feeling was, no doubt, not unknown even then in public at large :—

प्रकाशवच्छकास्तेषां नानापण्योपजीविनः प्रचल्यवच्छकास्तेषो ये स्तेनाटविकादयः ।  
( Manu IX, 257 )

But on the whole, the merchant, qua merchant, enjoyed many advantages and immunities, and commanded wide respect among his fellows.

The State was a heavy entrepreneur, in metals and metallurgical industries, in forest produce and cattle wealth, and food grains, and in a number of other commodities.<sup>1</sup>

It was, therefore, deeply interested in the conduct of each Trade. Our present notions of Fiscal manipulation to encourage particular industries within the country, or of Imperial Preference to direct the Trade in certain predetermined channels, had little occasion, and less use in those days. Certain trades,—or rather Trade in certain articles, was frankly prohibited, on the ground that such trade may be injurious to the national interests. Thus the Master prohibits completely the export of Arms and Armour, War-Chariots, certain animals, and Food grains.<sup>2</sup> On the other-hand, and by parity of reasoning, the same articles, if imported, were either admitted free of duty, or with other facilities. This was an attempt at securing national self-sufficiency in essential commodities, which characterised the national policy during the heyday of the most considerable Empire on the Indian soil.

राष्ट्रीयाकरं भाण्डमुच्छिन्द्यादफलं च यत् ।

महोपकारमुच्छुकं हुर्यद् वीजं तु दुर्लभम् ॥ A. S. II. 21. P. 112

1 Cp. A. S. Bk. II, Chs. 13, 14, 16.

2 Cp. A. S. Bk. II, Chs. 21, 22.

Before we consider some of the indispensable accessories of a flourishing foreign and inland trade, such as currency and credit, shipping and transport of all other forms, let us cast a glance at the origin, volume and variety of the Foreign Trade of India in the days before the Muslim incursions.

The following is taken from my work "the Splendour, that was Ind.

" Whenever it comes to be properly studied and written, the history of the Trade of India will prove as fascinating as it is bound to be an instructive chapter in the annals of mankind. Popular tradition in India carries the story of Indian commerce right back into the earliest dawn of human history ; and there are passages in Unvedic hymns which amply support such a tradition. The economic phenomenon of exchange, as such, may be taken to be coeval with civilisation, and, in India, it may be antedated even from the advent of the Aryans. The dispute, if any, concerns the origin of the overseas trade. The compilers of the *Cambridge History of India* seem to be strangely oblivious of the significance of these passages, when they say of the Vedic Age :—

" But there is still no hint of sea-borne commerce, or of more than river navigation".

They had, indeed, no knowledge of the recent discoveries in the Indus Valley, which seem to carry further back the history of Indian civilisation, on the commercial side 3000 years. But even without the knowledge of those discoveries, the story of the sea-borne commerce can be carried far, far back into the dawn of history. Without having recourse to the specific mention in the Vedas of sea-going vessels, we may point out that the list of occupations, given on the very page from which the above remark is quoted, evidences the possibility of sea-borne commerce of India, since a good many of these crafts were destined to meet the needs principally of foreign commerce.

From the earliest available records of Indian foreign trade, the most frequently occurring articles of Indian export are cloth, dyes, precious stones, and metal-work, and a list of occupations,— which include jewel makers, dyers, weavers, smelters and smiths,

—can never yield the conclusion that "there is still no hint of sea-borne commerce". The evolution of the boatman may have been occasioned by the needs of river fishing. But if the oarsman and the poleman, taken along with the wood-gatherer and the boatman, are viewed in the proper perspective with the naval regulations of the Mauryan period, the existence of foreign sea-borne commerce, even in the Vedic period of over 3000 or 4000 years ago, does not seem to be impossible.

In an interesting and erudite contribution to the Journal of the Royal Asiatic Society, on the *Early Commerce of Babylon with India*,<sup>1</sup> Mr. J. Kennedy, I. C. S. argued "that the sea-borne trade of India with the Western Asiatic countries did not begin till about 700 B. C.; and so we may justly infer him to imply, in the above passage that the transfrontier land-trade of India must have started much earlier. We have little data so far of the Dravidian commerce; but it certainly must have been much earlier still, if the recent finds at Mahenjo Daro are any guide at all.

Mr. Kennedy, as already remarked, has advanced the thesis that, at any rate, the trade of India with the countries beyond the Western Seas did not commence before 7000 B. C. Even admitting that statement for the sake of argument for the moment, there is no need to conclude that the entire sea-borne trade of India is of no greater antiquity. It is a common place of Indian history that the Aryan invaders, coming into the Punjab through the snow-clad passage of the Hindu Kush, spread principally in a south-easterly direction along the plains watered by the Ganges. The natural course of their further progress would take them, by land or by water, eastwards; and there is nothing in our still surviving records to gainsay the possibility of a good seaward trade on the eastern side. The trade with Suvarna Bhumi, the Golden Chersonese of the classical writers, and thence to Java, Sumatra, China and Japan, would be possible by the purely Aryan agency, along and perhaps contemporaneously with, the Dravidian trade with countries across the Western seas.

Speaking of the Dravids, Mr. Kennedy is himself obliged to observe :—

" But the Dravidians of Southern India were accustomed to the sea, and afterwards furnished a large proportion of the ships and sailors, not to say pirates, on the Indian Ocean ; so that, although the coastline was long, perilous and uninviting, there is no obvious physical or ethnological reason why an early intercourse by sea should not have existed between India and the West. I can only say, that as a matter of fact, there is no valid proof of it".

(J. R. A. S. - 1897 pp. 241-288).

But he is unjust in his assumptions, and unfair in his criticism of the available evidence. The story of the Baueru Jataka Mr. Kennedy regards as referring to a much later date, about the 5th. Century B. C.; and, as such, this distinct mention of trade with Babylon ( Baueru ) he considers as not disproving his main thesis. But the misfortune of an inexact or unavailable chronology of Indian people is pressed by him too far, when he tries to explain away the Biblical references to trade with India, and the Egyptian evidence for the same in periods much anterior to his assumed date. There are passages in the Bible distinctly referring to the Indo-Babylonian trade in the Mosaic period (1491-1450 B. C.), and much more frequently in the age of Solomon (1015 B. C.). The Hebrew words for cloth, ivory, apes, ginger, pepper, rice, peacock, sandalwood, - all products exclusively of India, - are distinctly of Tamil origin. Says Bishop Caldwell in his classic work, *A Comparative Grammar of the Dravidian Languages* :—

" It seems probable that Aryan merchants from the mouth of the Indus must have accompanied the Phoenicians and Solomon's servants in their voyages down the Malabar coast towards Ophir ( wherever Ophir may have been ), or at least have taken part in the trade. It appears certain from notices contained in the Vedas that the Aryans of the age of Solomon practised foreign trade in ocean going vessels".

## ARTICLES OF TRADE MENTIONED IN THE PERIPLUS

—BARBARICUM (At Mouth of the Indus )

## IMPORTS INDIA-SCYTHIA

## EXPORTS

Thin clothing	Costus <sup>1</sup>
Figured Linens	Bedellium
Topaz	Lycioum
Cora	Nard <sup>2</sup>
Storax	Turquoise <sup>3</sup>
Franincense	Lapis Lazuli
Vessels of glass	Seric Skins
Silver and Gold Plate	Cotton cloth
Wine, a little	Silk Yarn
	Indigo

## INDIA - THE KINGDOM OF NAMBANUS-BARYGAZA

Wine, Italian, Arabian, or Laodicean	Spikenard
Copper	Costus
Tin	Bedellium
Lead	Ivory; Agate & Cornelium; Liceum
Cpral	Cotton cloth of all kinds
Topaz	Silk Cloth
Thin Clothing, Inferior of all sorts	Mallow Cloth
Girdles, bright coloured	Yarn
Storax	Long pepper
Sweet Clover	Other things from the various Ports
Flint glass	
Real gar; Antimony	
Gold and silver coin; Ointments	
Costly vessels of silver, singing boys, beautiful maidens for harem, fine wine, thin clothing &c.	

## INDIA- CHERA &amp; PANDYA KINGDOMS

Coin, in great quantity	Pepper, produced in Cottomara
Topaz	Fine Pearls in great quantities
Thin clothing	Ivory
Figured Linens	Silk Cloth
Antimony	Spikenard from the Ganges

Coral; Crude Glass;	Malabrothrum from the Interior
Copper, Tin, Lead	Transparent Stone small kinds
Wine, Realgar, Ointment	Diamonds
Wheat for sailors	Saphires
	Tortoise-shell from chryse, and from nearby Islands

## INDIA - CHOLA KINGDOM, ARGARU (INLAND)

Every thing made in Damirica, Pearls  
and the neighbouring count- Muslins  
ries, and most of wheat comes  
from Egypt

INDIA - EAST COAST, CAMARA, PADUCA AND SOPATMA  
(Where ships come from the West Coast, Ganges & Chryse)

Pearls  
Muslins of the finest sorts

These lists are obviously incomplete. Putting together the evidence of Classic writers we might frame the lists of our principal Imports and Exports somewhat as follows :—

## IMPORTS INTO INDIA

Minerals : Brass, Tin, Lead,  
Gold and silver  
Field Produce : Wines, Fruits,  
and Frankincense  
Manufactures : Metal articles (?)  
silk, boats, precious stones,  
pearls, glassware, Chinese-  
Porcelain, Clothing  
Animals - Horses

## EXPORTS FROM INDIA

Live Animals - Apes, peacocks,  
dogs, (From Tibet) Ele-  
phants, slaves  
Minerals - Precious Stones,  
Beryl, Diamonds, Onyx,  
Pearls  
Manufactures - Iron and Steel,  
cutlery, weapons, armour,  
Gold, other metalware;  
cotton-cloth, Muslin Sashes,  
silk fabrics and robes  
Ivory, Ships, Sandalwood,  
Pottery and Porcelain  
Drugs and Perfumes, Opium,  
other Unguents, Dye-stuffs,  
Indigo  
Food - Stuffs, Spices, including  
pepper, ginger, cloves,  
nutmeg, cinnamon, Card-  
amum, betel-nuts  
Corn - Principally Rice

"The Egyptians," says Lessen "dyed cloth with indigo, and wrapped their mummies in Indian muslin".

Indigo is undisputably an Indian monopoly, exported as a dye-stuff; and its presence in these early Egyptian tombs is conclusive of a much earlier origin of the foreign sea-borne trade of India than Mr. Kennedy allows.

If the fact of the trade between India and her neighbours across the sea on the West could be established as having commenced over at least 3 thousand years ago, the next question as to its organisation, and the relative share of the different maritime nations on the coasts of the Arabian Sea, would be of second rate importance. It is assumed that for a long time before the 9th. century B.C., the Phoenicians were the sole masters of the eastern sea, and its only navigators. But even if it be granted for the sake of argument that the trade, if opened in times before the days of Darius, was conducted largely by the Phoenicians or their successors in the mastery of the Indo-African seas, it does not necessarily involve the corollary that Indians had no share in it; that they were content to remain merely passive importers or exporters, without being active carriers, at least in part, themselves. The folklore of India, as typified by stories like the *Baevu Jataka*, or that of Bhujju in the *Vedas* is definitely against such a conclusion. Common sense is also against it. For though the classical European writers, like Herodotus or Strabo or Pliny, believed, on authority of the obscure compiler of the *Periplus* or *Navigation of the Erythrian Seas*, that the secret of the Monsoon,—the real Trade-Winds of the Indo-African seas, — was discovered by a pilot named Hippalus, about 47 A.D., it is impossible to believe that those who carried on this trade centuries before could have remained ignorant of such a regular, annual phenomenon as the south-west monsoon in the Indian Seas, and could thus have failed to make use of it. There is, in fact, positive evidence to show that Indian mariners, Tamils as well as Aryans, were familiar with the great annual natural phenomenon. Dr. Vincent holds, in his edition of the *Periplus*, that there was communication between India and Arabia before the days of Alexander; and it is impossible to believe that two such peoples, as the Indians and the Arabs, had to wait for centuries till

a stranger should come and teach them the most obvious mystery of the seasonal change in their own sea.

In McCrindle's translation of classical writers' notices on India, he reproduces a passage from Pliny which reads:—

"The same Nepos, when speaking of the northern circumnavigation, related that to Metellus Coler, the colleague of Afrinius in consulship, but then a pro-consul of Gaul, a present was given by the king of the Suevi consisting of some Indians who, sailing from India for the purpose of commerce, had been driven by storms into Germany".

And the following gloss upon this passage by the editor renders it still more interesting and significant:—

"Murphy, the translator of Tacitus in one of his notes to *Agricola*, remarks thus upon the passage. 'The work of Cornelius Nepos has not come down to us; and Pliny, it seems, has abridged too much. The whole tract would have furnished a considerable history for navigation. At present we are left to conjecture whether the Indian adventures sailed round the Cape of Good Hope, through the Atlantic Ocean, and thence into the Northern Seas, or whether they made a voyage, still more extraordinary, by passing the islands of Japan, the coast of Siberia, Kamchatka, Sembla in the frozen ocean, and thence round Lapland and Norway, entered into the German Ocean'".

Without advancing from such evidence, the perfectly agreeable hypothesis that the circumnavigation of the world was first accomplished by Indian navigators including the discovery of the North Pole, we may at least hold that such a race of hardy seafarers and adventurers could not have remained quite inactive in the foreign sea-borne trade of their own country.

#### CHARACTER OF THE ANCIENT INDIAN FOREIGN TRADE

Given, then, the fact that the phenomenon of international exchange had been familiar and practised by ancient Indians

from times that certainly go back 3000 years, — the next point of some interest in this study is to inquire into the character and organisation of this trade of ancient India.

At the threshold of this inquiry we find that the main articles of trade are nearly the same as they are to-day, and have been for all these centuries. Speaking of this trade Mr. Danell, I. C. S. in his work on the Industrial Competition of Asia, has well observed that it consisted of an

"exchange of such of her productions as among the Indians were superfluities, but at the same time not only prized by the nations of Western Asia, Egypt and Europe, but were obtainable from no other quarter except India, or from the farther East by means of the Indian Trade".

It was thus a trade according to the true economic principle, i. e. in surplus of production, or specialities. Speaking of Buddhist Indian trade, the Cambridge History of Ancient India observes (p. 213):—

"The nature of the exports and imports is seldom specified. The gold, which was exported as early at least as the time of Darius Hystaspes, finds no explicit mention in the Jatakas. Gems of various kinds are named as the quest of special sea-farers anxious to discover a fortune."

And, quoting Rhys Davids on Buddhist India, the same authority adds:—

"Silks, muslins, the finer sorts of cloth, cutlery and armour, brocade, embroideries and rugs, perfumes and drugs, ivory and ivory work, jewellery and gold (seldom silver) these were the main articles in which the merchant dealt".

This description may be taken to relate to the trade of the Mauryan Empire at its height. That, however, is not quite identical with the geographic unit of India as we now reckon it. Imports

and Exports are, therefore, overlapping in a way, which would not occur if we considered the trade of India as the unit we now know it to be. A full and exhaustive list of the Imports and Exports of India from the ports of Broach and Nelkunda (Nilkantha ?) somewhere on the coast of Malabar is furnished by the writer of the *Periplus*, which makes little material variation from the known trade of the Middle Ages of Indian history, and even of modern times.

Of other animal products, Ivory, was once a prominent article of export from India. Pearls and Coral are other instances of India's great export in olden times without a need of corresponding import. Musk is mentioned by Dr. Mukerji as amongst the exports of India from the earliest times; but he gives no authority for the statement. Perhaps it was included in the rich spices and unguents brought from India in the days of Solomon.

Among the animals forming part of the trade to and from India, Horses may have, on the balance, been imported; while Elephants are certain to have been exported though chiefly by the trans-frontier land route. Historically, the most celebrated Indian animal exported is the Peacock, which was not only prized by the Greeks of the Alexandrian era, but apparently by the Jews of King Solomon as well. Even the Hebrew word for Peacock, - Thuki - is borrowed from Tamil where this prince of birds is called Tokei.

Silk, which certainly formed a large part of the exports to the West from ancient Indian ports, and "which under the Persian Empire is said to have been exchanged by weight with gold", cannot quite be regarded as a native industry of India. The art of silk-weaving may have been naturalised in this country for centuries before the rise of the first historical Indian Empire; and that the cocoon may have been developed here too is not improbable. But the evidence of Sanskrit literature, which identifies silk clothing with China, cannot quite be disregarded; and so we may take it that, however highly the art of the silk-weaving may have had developed in India, silk was an industry really native to China only. The undoubtedly considerable Indian trade was probably in the nature of the entrepot trade, in which the stuffs were, in the first instance, brought to India by the Indian merchants, or their Javanese and

Malayan and Sinhalese cousins from China; and thence re-exported to Arabia, Persia, Egypt, Greece, or Rome, via the Indian ports. The entrepot business, even now a considerable feature of our trade, was, perhaps, helped by the peculiarly Indian art of dyeing the stuff with fast natural colours which increased their value in the minds of the Barbarians of the West. Porcelain is mentioned among Indian exports, in the *Periplus*; while pottery was an established Indian craft even in the Vedic Age. The former may have entered in our entrepot trade, as also pearls and other precious stones.

Of other food-stuffs, Rice has certainly formed part of Indian exports in the earliest times as evidenced by the survival of the Tamil word for that article in the Greek tongue. But, as the *Periplus* says, in view of the difficulties of transporting such perishable commodities over large distance in ships of those days, the probability rather is that rice and other cereals like wheat were subject-matter of trade only in so far as they were required for the victualling of ships. Wines figure in the list of imports, but not to a very large quantity.

This brief review of the principal articles in the Indian Trade for the last three thousand years cannot be complete without mentioning one item, which deserves more than a passing notice. Slaves are mentioned in the *Periplus*, as imports from Kane, Obolesk and Oman. But it is not clear where they came from. It is however, certain that India never had a traffic in slaves.<sup>1</sup>

Apart altogether from the religious sentiment of perfect equality of all living creatures, which, certainly from Buddhist times, if not earlier, laid a positive *embargo* on this inhuman traffic,<sup>2</sup> there is

1. Among trades five are ethically proscribed for the lay believer – daggers, slaves, flesh, strong drink, poisons. (Cambridge Hist. p. 35. See also *Manu* VII 96) which leaves out from the list of the conqueror's booty in victory the item of the vanquished soldiers as slaves. At a later age, Akbar definitely forbade this inhuman practice.

2. Among the five Trades forbidden to the Buddhist Bhiksu, slave trade was the most considerable. *Manu* also leaves out slaves of the vanquished as booty for the Victors.

रथाभ्यं हस्तिनं छत्रं धनं धान्यं पश्चान् लिप्यः ।

सर्वद्रव्याणि कुर्यां च यो यज्ञयति तस्य तत् ॥ *Manu* VII, 96.

the known fact of history that traffic in human beings was never made the cold-blooded business in India of the Aryans, that it was made by the Christian Europeans after the discovery of the America.

### CHARACTERISTICS OF OUR ANCIENT TRADE

On a general review, then, of the commerce of ancient India from the earliest times to 1000 A. C., we find the chief character of that trade to be a heavy export of manufactured goods, qualitatively speaking. Raw material for further manufacture abroad there certainly must have been; and food-stuffs, chiefly in the guise of edible spices, or stores for ships, did also figure in our export schedule. But from the point of value, Exports must have preponderated over Imports, textile manufactures of all sorts forming the bulk of these. It was entirely on account of the preponderance of such valuable exports that India contrived, even in the days when Pliny was writing his *Natural History*, to drain the West of its supply of gold coin and bullion, even as she is reputed to do to-day, though in a quite different manner, and with radically different consequences to her own national welfare.

Another characteristic of the ancient Indian commerce was *the presence of a large entrepot trade* which still persists though perhaps in slightly altered forms. Pearls from Ceylon, gold from Tibet, Burma and the Golden Chersonese (wherever that may be); precious stones and spices from the islands of the Indian archipelago; silk and porcelain from China; were all brought into the ports of this country, to be thence re-exported to the countries of the West, leaving us, presumably, a handsome commission as middle men.

The existence, however, of an entrepot trade could not have been possible in those days, without the necessary concomitant of *a considerable fleet of merchantmen* for transport by sea, and mighty caravans for similar office by land. And there is ample evidence to show that Indians of all ages since the earliest

dawn of history have been great carriers by land as well as by water.<sup>1</sup>

With the carrying business mainly in their own hands, and with a very considerable entrepot trade, it would not be surprising if we find the system of trade organisation carried to a very high level in ancient India. Whether or not the castes of modern India have developed from the trade guilds of ancient India, it is perfectly certain that, at least about the 5th. century B. C. if not much earlier

"Crafts and commerce are flourishing, highly organised corporately under conditions of individual and corporate competition, the leading men thereof the friends and counsellors of kings. We have found labour largely hereditary, yet, therewithal, a mobility and initiative anything but rigid revealed in the exercise of it. And we have discovered a thorough familiarity with money and credit ages before the 7th. Century A. D."

Cambridge Hist. of India, p. 219.

Partnerships in commerce were fairly well understood, though individual freedom of initiative and pluck were not restricted, as in a later-day joint stock enterprise, by merely travelling together in the same caravan, or bound on board the same vessel.<sup>2</sup> For purposes of discipline, the Sarthavaha, or caravan-chief, may have been accorded a certain degree of prestige and authority among the fellow travellers and traders. But the latter by their acquiescence did not surrender their independence.

1 According to Pliny's Natural History XII, 18, there was "no year in which India did not drain the Roman Empire of a hundred million sesterces". This would equal in English money a million sterling, or a crore and half of rupees at the normal rate of exchange.

2 It would be interesting to summarise here Kautilya's famous chapter on Ship and Shipping in the *Arthashastra*. (A. S. Book II Ch. 18).

The exception was the purchases of the King which were made by officially regulated prices.

The late Dr. V. A. Smith was certainly mistaken as to the origin of currency in India, when he wrote —

“There is reason to believe that the necessities of commerce with foreign merchants were the immediate occasion for adoption by the Indian people of a metallic currency as well as of an alphabetical writing (Imp. Gaz. Vol. II, p. 135).

In an age so accustomed to money valuations as the Buddhist age of India undoubtedly was, the evolution of substitutes for money, or credit instruments as we would now describe them, would be a matter of course. Says Mrs. Rhys Davids :—

“Of substitutes for current coins (or what were used as such), or instruments of credit, we read of signet rings used as deposits or securities, of wife or children pledged or sold for debt, and of promissory notes or debt sheets”.

Even though the last would be in the form of mere registrations as between lender and borrower, their evolution and use must be held to mark a distinct advance in commercial civilisation. The Shethis of the Buddhist Literature apparently kept large cash amounts on hand, like the immense hoard of the devoted Anantha-pindika. These either loaned, or, more probably, used in business of their own as merchant bankers.

Certainly, the minute regulations as to loans of money and interest thereon, mentioned in both the Buddhist canonical works and in the Hindu Dharmashastras, like the standard code of Manu or Chanakya, could not have occurred, had not money-lending been a well-known business. The echo of the Aristotelian and Christian fulmination against interest on money loans is, indeed, found in the still earlier works of the Indian legists.

## COINAGE, CURRENCY AND CREDIT

With such a developed and widespread commerce, both Foreign and internal, in such a vast land,—already an Empire in the fourth century B. C., some commonly accepted and acceptable Medium of Exchange would be inevitable. It is difficult to say precisely when Coinage and Currency came into general use in India; but they must have been long anterior to the most considerable of our earliest recorded Empires is incontestable. At the time of the Greek invasion, and even before that in the days of Darius, Indian coins, distinct in design and workmanship, were found; while references in the Vedic hymns to *Pana* and the *Panis* suggest a still more ancient origin. Dr. Vincent A. Smith held the view:—

"There is reason to believe that the necessities of commerce with foreign merchants were the immediate occasion for the adoption by the Indian people of a metallic currency, as well as of an alphabetical writing."

If we take this literally, we may question as to the accuracy of this estimate. For one thing, it is a moot point, with European scholars at least, as to when large scale foreign commerce arose in India. And, then, with a country of the size of India; and with Aryan migration going on ceaselessly for over thousand years perhaps, it is impossible to say which lands must be treated as "foreign", in the sense in which Dr. V. A. Smith uses the expression. Moreover, the Dravids of the South were seafaring and commercial people, long before the Aryans established themselves in India. Even, therefore, if we take the remark of the English scholar literally, the history of Coinage and Currency must be taken to be very long, stretching back into centuries, if not millennia, before Christ. The hoards of ancient coins discovered in several parts of India lend full support to this view; and the characteristic design and shaping which Indian coins exhibit, reinforce it. Perhaps the more common, more frequent and more considerable use of coined money was in connection with the requirements of large-scale business, internal or foreign; while the greater part of daily local transactions may have been bartered or token currency only.

1. Cp. Imperial Gazetteer, Vol. II. p. 135.

Mrs. Rhys Davids, the great student of Buddhist lore and of the *Jataka* tales, goes further; she dates the use of substitutes for metallic currency long before the Mauryan age:—

“Of substitutes for current coins (or what were used as such) or instruments of credit, we read of signet rings, used as deposits or securities, of wife or children pledged or sold for debt, and of promissory notes or debt sheets”. (Cp. Splendour That Was 'Ind.)

That is indeed, not the same thing as what we might today call Paper Currency; but the development of Credit Instruments was obviously pre-Mauryan, and very well understood in the days of Kautilya. The numerous and complicated Mint Regulations as outlined in the *Artha Shastra*<sup>1</sup> and other ancient Treatises on the subject,—including seignorage, cutting of coins below standard weight, or below prescribed fineness, penalties on those who pass such coins or counterfeit them,—all indicate the high level of the Money Economy that had become usual in the days of Chanakya, if not much earlier. The equally numerous regulations regard pledges or mortgage, and Interest payable on the same,

<sup>1</sup> The Superintendent of the Mint shall carry on the manufacture of the silver coins made up of 4 parts of copper, and one-sixteenth part of any one of the metals—Tikshna, Tryapu, Sisa, and Anjana. There shall be a pana, a  $\frac{1}{2}$  pana,  $\frac{1}{4}$  pana and  $1/8$ th of a pana.

Copper coins, made up of four parts of an alloy, shall be a masha,  $\frac{1}{2}$  masha, kakmi, and  $\frac{1}{2}$  kakmi.

The examiner of coins shall regulate currency, both as a medium of Exchange, and as Legal Tender admissible in the Treasury. The premia levied on coins paid into the Treasury shall be 8%, known as Rupika, 5% known as Vyaji,  $1/8$ th pana per cent known as parikshaka (Testing charge) besides a fine of 25 pana imposed on offenders other than the manufacturer, the seller, the purchaser, and the Examiner.”

And later on, in Ch. 14, the same authority observes:—

“The Mint Master shall return to the owners coins or ornaments of the same weight and of the same quality, as that of the bullion which they received at the Mint. With the exception of those diminution, they shall receive coins which have been worn out, or which have undergone the same coins back into the Mint, even after the lapse of a number of years.

The State Goldsmith shall gather from the artisans employed in the Mint information concerning pure gold, metallic mass, coins and rate of Exchange.

In getting a gold coin manufactured from gold, one kakmi ( $1/6$ th) weight of the metal more shall be given to the Mint towards the loss in manufacture.”

also indicate unmistakable proof of a fully developed Credit system practised by the ancient Indians of 2500 years ago.<sup>1</sup>

These regulations indicate that the Mint was open to coinage by any body, subject to a small seigniorate charge. Exchange rates must, therefore, have approximated to the actual bullion in the different coins.

The tale of Anathapindika is an excellent illustration of the vast hoards of ready cash, which the leading Shethis of that period usually kept readily available with them; and out of this they could loan money, as and when wanted, on rates of Interest highly favourable to the lender. A larger portion of such hoards

1. Cp. Manu-Smriti VIII Verses 140-152.

वसिष्ठितिहिता वृद्धि सूजेद्वित्तविविधिनीम् ।  
 अशीतिमार्गं गृहीयान् मासाद्वारुपिकः शते ॥ 140 ॥  
 द्विकं शतं वा शुद्धीयान् सता घर्ममनुस्मरन् ।  
 द्विकं शतं हि गृहानो न भवत्यर्थकिलिपी ॥ 141 ॥  
 द्विकं त्रिकं चतुष्कं च पद्मवकं च शतं समम् ।  
 मासरव वद्वि गृहीयाद् वर्णानामनुपूर्वेतः ॥ 142 ॥  
 नत्वेवाधीं सोपकारे कौसीदी वृद्धिमाप्नुयात् ।  
 न चाधे कालसरोद्धान्निसर्गोऽलित न विक्रयः ॥ 143 ॥  
 न भोक्तव्यो वलादाधिभुवनानो वृद्धिमुखजेत् ।  
 मूल्येन तोषयेऽनमाधिस्तेनोऽन्यथा भवेत् ॥ 144 ॥  
 आधिकोपनिधिक्रोमो न कालापत्वमर्हतः ।  
 अधद्यादो भवेता तौ दीर्घकालमवस्थितौ ॥ 145 ॥  
 संदीत्वा भुज्यमानानि न नश्यन्ति कदाचन ।  
 धेनुरुद्धो वहशयो वश दम्यः प्रमुच्यते ॥ 146 ॥  
 यत्किञ्चिद्दश वर्षाणि संत्रिधौ प्रेक्षते धनी ।  
 मुञ्जमान परैस्तृणी न स तहव्युमर्हति ॥ 147 ॥  
 अजहेदपीमण्डो विषये चास्य भुज्यते ।  
 भग्नं तव्यवहारणं भोक्त तद्व्यमर्हति ॥ 148 ॥  
 आधिः सीमा वालयन निष्ठेपोपनिधिः त्रियः ।  
 राजस्वं शोत्रियस्वं च न भोगेन प्रणाद्यति ॥ 149 ॥  
 यः स्यामिनाननुज्ञातमाधिः भुद्गतेऽविचक्षणः ।  
 तेनार्थवद्विमोक्तव्या तस्य भोगस्य निष्कृतिः ॥ 150 ॥  
 कुसीदर्वद्वैरुपर्यं नालेति सकृदाहता ।  
 चान्ये सदे लवे वाहे नातिकामति पद्मताम् ॥ 151 ॥  
 कृतानुसारद्विका व्यतिरिक्ता न सिद्ध्यते ।  
 कुसीदपवमाहुस्ते पञ्चकं शतमर्हति ॥ 152 ॥

must have been commonly used in their own business, by these merchant-bankers of ancient India, and the profits of their business,—their overseas ventures must be handsome enough to ensure a steady increase in such mobilised and readily available capital.

It is interesting to note, in passing, the ancient Indian treatises permit and even justify larger scales of Interest on loans, no matter for what purpose;<sup>1</sup> and in this they stand out in marked contrast with the Aristotelian School which influenced both the Bible and the Quran. The latter consider money to be barren by itself; and so interest on loans of money, at whatever rate, to be unjustifiable. Notwithstanding the custom of the Babylonians or the Phoenicians, they did not or would not realise that the Money loan, which was used to further production was really Capital,—an active factor in producing new wealth; and therefore, rightly entitled to a share in the increase. When, however, economic evolution had progressed beyond the feudal and manorial stage, later canonical writers of Europe evolved the doctrine of implied partnership and share in the risks of business, for which Interest would be a just and justifiable return. But, that is obviously a round about, and somewhat clumsy way of getting round their original doctrine. We shall consider this point about interest still further, in another connection later on.

Coins both of gold and silver were in circulation side by side, the two metals exchanging at a fixed rate of 1.16.<sup>2</sup> Prof.

1 Cp. above Mamm—Monthly 2% to 5% were legitimate rates of Interest. Kautilya also is of similar opinion :—Bk. III. 11

सपादपण्या धर्म्या मासवृद्धिः पणशतस्य, पञ्चपणा व्यावहारिकी,  
दशपणा कान्तारगणाणां, विद्युतिपणा सातुद्राणां, ततः परं कर्तुः  
कारवितुष्ट पूर्वः सहस्रदण्डः ।

Prof. Aiyangar considers the prevalence or recognition of such high rates of interest (maximum 60% per annum to be an indication of the scarcity of loanable capital. But perhaps the high rate of profit on commercial investment is a better explanation of such high rates permitted by our law givers.

Says Shukra—(IV, ii, 92).

रजते पोदशरण्यं भवेत् स्वर्जान्त्य स्वत्कम ।

Prof. Aiyangar, however, considers this to have been more a recommendation, than a legally fixed and commonly observed ratio. On his own showing, silver was scarcer and may have had to be wholly imported. Its Ratio to Gold, therefore, may have been slightly higher than that prescribed by Shukra. The weights and measures given in Kautilya A. S. Book II Ch. 19, read along with Ch. 13 in the same book, suggest the Shukra ratio must have been commonly followed. The Mint being open to free coinage, the ratio may have fluctuated. Prof. Aiyangar says—"It was 3:40 in the days of Darius the Great and 19 in the first century A. D.

Aiyangar, however, considers,—“Gold was the metal for the standard coin”, though he also recognises that the two metals must have circulated side by side. Gold being more valuable, and easily transportable,—combining high value in small bulk,—was naturally the metal par excellence of foreign commerce. And that is, probably, why India was able to drain the Roman Empire alone of its gold as remarked by Pliny. A relatively small quantity of gold may have been locally produced; but the greater part of the gold hoards of India, looted in the beginning of the Moslem invasions in such large quantities, must have been accumulated as the result of such foreign trade. Silver, baser metals, and cowrie shells, are also known to have served as medium of exchange and been in circulation; and prices being very low in those days, coins of lower metals or shells, could not but have been imported, usually in exchange for our exports of silk, spices and gems, as well as certain highly prized animals.

The value of a *Pana*,—apparently the most commonly used coin, is difficult to determine. Judging from the tables of prices and wages found in the ancient Treatises, and the scales of fines for particular offences given in Kautilya, it would seem as if the *pana* of Mauryan India must have corresponded to our modern rupee of before World War II. There must, however, have been considerable fluctuations from time to time.<sup>1</sup>

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I. In his Translation and annotation of Shukra-Niti, Prof. B. K. Sarkar gives the following table of comparative prices.

Ch. IV Sect. I. p. 137.

233 A pana is a piece of copper coined by the King weighing ten masas.

234—A Kursapana is the value of one hundred and fifty varatis (cowries).

Ch. IV Section II. p. 143.

133—Four tankas make one tola in the case of gold and corals.

138—Eight ratis make one masa, ten masas make one suvarna.

139—Five times that suvarna make eight silver Karsikas.

## Foot Note—

Ch. IV Sect. II, p. 145

The relation between the metals in Value :—

Gold = 16 silver  
 Silver = 80 copper  
 Copper = 1  $\frac{1}{2}$  zinc  
 Zinc = 2 tin  
 " = 3 lead  
 Copper = 6 iron.

Ch. IV. Sect. II, p. 146.

199-200—The good horse is that which can go one hundred yojanas in one day. Its price is five hundred gold (eight thousand silver rupees).

201-202—The good camel is that which can go thirty Yojanas in one day. Its price is one hundred silver palas (eight hundred rupees).

203-204—The elephant that is unrivalled in strength, height, fight, and mada (rut) is priced at two thousand Niskas.

205—Niska is the value of gold weighing four masas.

206—And in estimating the value of elephant five ratis make one masa.

Ch. IV Sect. II p. 146

The price of the best elephant is, therefore 8,000 masas of gold or 40,000 ratis of gold or 640,000 ratis of silver or  $\frac{640,000}{96}$  tolas or silver  $\frac{(40,000)}{6} = 6,666$  Rs.) = Rs. 6,666 approximately.

The mention of prices and ratios in the above lines gives good statistics, which might be used as the basis for the formation of an Index Number.

## Ordinary prices :—

Cow	1 pala silver	8 tolas or rupees.
She-goat	$\frac{1}{2}$ cow	4 tolas or rupees.
She sheep	$\frac{1}{2}$ goat	2 tolas or rupees.
Sheep	1 pala silver	8 tolas or rupees.
Elephant or horse		2,000, 3,000 or 4,000 rupees.
Camel	Buffalo	56 or 64 rupees.

## High prices for best things :—

Cow=	8 or 10 palas silver	= 64 or 80 rupees.
She goat=	1 pala silver	= 8 rupees.
She buffalo=	$\frac{1}{2}$ cow or cow	= 64 or 80, or 96 or 120.
Bull=	60 palas silver	= 480 rupees.
Buffalo=	7 or 8 palas	= 56 or 64 rupees.
Best Horse=	500 gold	= 8,000 rupees.
Best Camel=	100 silver palas	= 800 rupees.
Elephant=	2,000 gold Niskas	= 6,666 rupees.
She sheep	1 pala silver	= 8 rupees.

The ancient Indian merchant was also a Banker, and, as such had command of the greater portion of the liquid, mobilised capital wealth of the country. The King—the Public Exchequer,—was another hoarder; but the wealth locked up in the State Treasury,—was not easily released for daily use in industrial ventures or commercial investment. And so the Merchant-Banker did all kinds of banking or credit business, loaning money on personal security of persons of good standing, as well as taking money on loan, or deposits, remitting sums between two trade centres with the device of the *Hundi*, developing the system of *adhi* and *nidhi*,—pledge and deposit,—and exchanging different standard coins or currencies with one another for a small profit,—*agio* or discount. The ample injunctions of the Artha-Shastras as well as Dharma-Shastras, regarding the use of property deposited, as the return for that use, and all consequent and connected incidents, suggest a great development and wide use of credit and Banking.

The basic justification of Interest is found, by ancient Indian Economists, in the essential productivity of capital, or the money loan turned to account. That is why they allow no interest on valuable material pledged, and turned to use by the pledgee. The share between the mortgagor and mortgagee of usable material deposited may be fixed by agreement between the parties; but the pledge, which is allowed to be used, or which is capable of being so utilised to his own advantage by the pledgee, may be regarded as part of his business equipment, where on he reaps a legitimate profit. The authority of Manu, quoted at length earlier, makes this point fully clear. He is equally clear regarding the variation in the rates chargeable according to the community or the caste of the borrower,<sup>1</sup> presumably on the assumption that the credit worthiness of a borrower varies directly with his status, or caste, in society. This is not really, a non-economic note on introduced uneconomic theory to complicate it. Considering the kinds of

1 Foot Note See ante p. 124.

द्विक निक चतुर्कं च पञ्चकं च शतं समम् ।

मासस्य त्रिं शतीयाद् वर्णानामनुपूर्वदः ॥ M. S. VIII, 142

business these categories of persons habitually engaged in; considering the resources normally available to them for discharging the debt with interest; considering the use likely to be made and the advantage gained by the borrower particularly a merchant, there seems some reason in permitting these different scales of interest varying according to the caste or the role of the borrower in the economic scheme then prevailing. Compound interest is permitted on the same considerations<sup>1</sup> and if "money invested in trade is treated as though it was not a debt"<sup>2</sup> it was because the trader was engaged in business most commonly on his own capital. The interest was, therefore, part of the profit earned. When interest, however, is exacted from persons in very hard condition, —the very name of *Kusida*, suggests the relative unpopularity of the gain, on Shylockian terms, the Moralists as well as Economists frowned severely upon the attempt.<sup>3</sup>

Kautilya is emphatic on the need for public control, regulation or supervision of this sector of the national economy, of this form of gain for the individual. He holds the relationship between the capitalist and the debtor—productive borrower we may say—as of vital national importance, and of importance to the public Exchequer.<sup>4</sup> If loans were made in kind,—e.g. Grain—or interest expected in commodity form, that should not exceed half the money value of the original capital lent, interest on stock should not exceed half the profit.<sup>5</sup>

1. But not by Manu who holds (VIII, 156)

चक्रवृद्धि समाख्यो देशकालव्यवस्थितः ।  
अतिकामन्देशकालौ न तत्कलमवानुयात् ॥

2. Aiyangar, *Op. Cit.* p. 108

3. कृत्सतात् सीदत्यैव निविश्वैः प्रगृहते ।  
चतुर्गुणं वाऽष्टगुणं कुसीदाख्यमृणं ततः ॥ Brhaspati : X, 6

4. A. S. Bk. III, 11

सपादपणा धर्म्या मासचुद्धिः पणशतस्य । पञ्चपणा व्यावहारिकी ।  
दशपणा कान्तारकाणाम् । विशतिपणा सामुद्राणाम् । ततः परं  
कर्तुः कारवितुश्च पूर्वः साहसदण्डः । श्रोतृणामकैकं प्रदद्यवैदण्डः ।  
राजन्ययोगक्षेमवहं तु धनिकवारणिकयोश्चरित्रमवेषेत् ।

5. *Ibid.*

धान्यवृद्धिः सत्यनिष्पत्ताकुपार्धा परं सुल्यकृता वर्षेत् ।  
प्रक्षेपवृद्धिरुदयादर्थं सञ्जिधानसन्ना वार्षिकी देया । (A. S. III, 11)

This interest on stock should be paid yearly regularly; for, if it is allowed to accumulate, because it was so willed by the parties or because of the absence abroad of the debtor, the amount payable shall be twice the principal lent.<sup>1</sup>

Any one claiming interest when it is not due, or representing that as principal which is really the aggregate of the principal and interest combined, was fined four times the amount under dispute.<sup>2</sup> As all transactions were advised to be reduced in writing, such fictitious claims must have been very rare.

Any one claiming 4 times the amount lent was fined 4 times the unjust demand, of which  $\frac{1}{2}$  was payable by him, and  $\frac{1}{2}$  by the debtor, i.e. the latter paid the amount really due to the state; and the former three times his original capital lent to the state. This must have effectually prevented unjust or exaggerated claims being proffered.<sup>3</sup>

For good reasons debtors were further protected. No interest was to accumulate on debts due from minors, or those engaged in long-drawn out sacrifices, or who were diseased (and, therefore, unable to earn) and those in studenthood in their teachers' homes.<sup>4</sup> Reasons of public policy, or long range interest of the community, or sheer humanity dictated these rules.

If the creditor neglected to collect his dues for ten years, could not be collected,—except as regards debts due from minors, aged people, diseased or other people suffering from calamities, or those gone abroad, or who have fled the country, or in times of heavy civic disturbances or political revolutions.<sup>5</sup>

1 चिरप्रवासः संस्तम्भप्रविष्टे वा मूल्यद्विगुणं दद्यात् ॥ (A. S. III. 11 )

2 अकृत्वा दृद्धि सावयतो वर्धयतो वा मूल्यं वा दृद्धिमारोप्य आवयतो बन्धचतुर्गुणो दद्यः । Ibid.

3 तुच्छचतुरआवणायामभूतचतुर्गुणः ।

तस्य त्रिभागमादाता दद्यात् । शेषं प्रदाता । Ibid.

4 दीर्घसत्रव्याचिगुरुकुलोपद्वं बालमसारं वा नर्णमनुवर्तेत । Ibid.

5 दशवर्षं प्रिक्षितमृणमप्रतिमाहमन्यत्र बालवृद्धव्याधितव्यसनि-  
प्रोपितदेशत्वागराज्यविभ्रमेभ्यः । Ibid.

A debt unlimited in time or place, must be repaid by the party contracting it, or by his sons, grandsons, or any other heir of the deceased debtor. Similarly, debts for which life marriage or land is pledged, and which are not limited by time or place, must be repaid by the sons or grandsons of the deceased debtor.<sup>1</sup> Surety of a minor is of no avail.

The rules regarding the relative priority of the claims of several creditors against one debtor are based on the same principles, and so need not be repeated here, even in outline. We are, likewise, not concerned here with the detailed rules of procedure and evidence in suits of this kind. All that matters is the fact that interest was a legitimate claim; that very high rates prevailed; and that considerable protection was afforded to debtors, in the interest of the state or the community at large, or on purely humanitarian ground.

#### SHIPS AND SHIPPING

Other accessories of a flourishing Trade, both local and international were equally attended to in the organised public economy of those days. We have already referred to the duty of the king,—the state—to provide proper roads, rest-houses, and other facilities for merchants and travellers on the public highways. Every time that roads are mentioned, waterways also referred to; and the famous chapter of Book II of the Artha Shastra, devoted to the duties of the Superintendent of Ships, obviously refers to shipping both inland, coastal and on the high seas. The detailed and very minute regulations about the provisions of boats, equipment and personnel on those vessels; the rules regarding tolls and port dues; the regulations about loading and sailing; about shipwreck or stress of weather, treatment of foreign merchants, with a special reference to customs and tolls, and the injunctions about exemptions from customs of ferry dues—all bespeak, not only a very elaborate, efficient and wideawake

1. प्रेतस्य पुत्राः कुसीदं दद्युः । दायादा वा रिक्वहरा: सहपाहिणः प्रतिमुत्रो वा ।  
न ग्राविभाव्यमन्यदसारं बालप्रातिमाव्यम् । असंख्यातदेशाकाले तु पुत्राः पौत्रा  
दायादा वा रिक्वं इरमाणा दद्युः । जीवितविवाहम् निप्रातिमाव्यमसंख्यात-  
देशाकाले तु पुत्राः पौत्रा वा वहेद्युः । (A. S. III. 10)

admiralty of the Imperial Mauryas; they also indicate the presence of a vast and valuable commerce, with adequate means of transport, moderate customs charges, and liberal ports and shipping regulations, which, taken collectively, suggest a full perception of the place of Transport, by land or sea, in the authors of our ancient Economic Treatises.

The following outline, taken from Kautilya, Book II on the Superintendent of Ships and Shipping (नावाधिक) would serve to give point and authority to these observations.

#### THE SUPERINTENDENT OF SHIPS

The Superintendent of Ships was an Imperial Officer not the Admiral to fight Naval battles in times of war, but an administrative chief who had to examine the accounts relating to navigation, not only on oceans and mouths of rivers, but also on lakes, natural or artificial (waterways) and rivers, in the vicinity of *sthaniya* and other fortified cities.

Seashores or river-side villages had to pay a fixed amount of tax, rent or commuted payment for Port dues or Admiralty charges. Fishermen gave one-sixth of their haul as fee for fishing licence; while merchants paid the customary toll of ports.

Passengers aboard the Royal ships paid the usual fixed fare the *yatravelanam*; while those who used the king's boats in fishing for conch shells or pearls paid the fixed hire (*naukahatakam*),

The Superintendent of ships had to observe the customs prevalent in commercial towns, and the orders of the Port Municipal authorities.

Whenever a weather-beaten ship arrived at a port, it was shown every kindness. If it carried merchandise spoiled by water that was either exempted from toll altogether, or the charge was reduced to half. Ships doing entreport trade had to pay what we would now call Transit Duties.

Pirate ships (*himsrika*), and vessels bound for enemy countries and those which had violated the Port customs were destroyed.

On those large rivers impossible to ford even during the dry season, there were large boats in charge of a captain, a steerman, and ordinary seamen for handling and manœuvring the boat. Smaller boats were likewise kept on smaller rivers which had enough water only during the rainy season. These boats all belonged to the state.

Fording of rivers without permission was prohibited, less traitors might come that way.

The following were exempted from Ferry charges — Fishermen, carriers of firewood, grass, flowers, fruits, gardeners, vegetable dealers, herdsmen, persons pursuing suspected criminals, messengers following other messengers, those carrying provisions and orders to the army, those who use their own ferries, as well as those who supply villages of marshy districts with seeds, necessities of life, etc.

The following had free Ferry or Boat passes — Brahmins, ascetics, children, the aged, the afflicted, royal messengers and pregnant women.

Foreign merchants, frequent visitors to this country and those well-known to local merchants, were allowed to land in port towns.

Any person abducting the wife or daughter of another or carrying off the wealth of another, a suspect, one seeming to be of perturbed appearance, or without baggage, or attempting to conceal or evade the cognisance of valuables carried by him, or in disguise, or just turned out ascetic, or pretends to be suffering from disease, or seems alarmed, or is carrying weapons, explosives, or poison, or one who has come from afar without a pass, was arrested and detained, until his case was satisfactorily disposed of.

Details of Toll rates, Ferry fees and Port charges need not detain us here.

PUBLIC FINANCE: TAXATION AND OTHER SOURCES OF REVENUES. PUBLIC EXPENDITURE AND BORROWING.  
EFFICIENT ACCOUNTING OF PUBLIC RECEIPTS AND EXPENDITURE.

The importance of a proper regulation of Public Finance, the keystone of the arch of national economy, was fully recognised by our ancient Economists.

Says Kautilya (Book II Ch. 8) "All undertakings depend upon finance. Highest attention must, therefore, be paid to the Treasury." The ancient Indian State was, as has been remarked more than once earlier in these pages, deeply indirectly interested in a number of productive enterprises, in land and mines, forests and fishery, trade and industry. Besides its direct profits from these, large amounts were received from taxation of all sorts, and proceeds of these had to be properly expended on a varied host of public departments. Over and above these, there was positive duty imposed on ancient financiers to make savings, so as to build up an ample Treasury and a handsome Warchest. Problems of Finance were, therefore, even more important in those days than in our own.

The basic ideas and dominating objective of Public Finance, in Ancient India, seem to have been to enable the people to attain, as easily and effectively as possible, their aim in life—*Dharma*. As has been well pointed out, it was a *Dharma-parayana* social system, not simply *Artha-Parayana*<sup>1</sup> or material happiness. All the aims or injunctions of Politics, Ethics and Economics met and coalesced in this, and made a synthesised, harmonised, integrated whole. Because of this, the right of the state to collect taxes, of all sorts, and its obligation to lay out the proceeds properly, was regulated by the precepts of the *Dharma-Shastras*. This assumed, postulated, a contract between the state and the citizen, on the one hand for the latter, to contribute to the charges of the state, on the other for the former, to protect and defend the latter, enabled him to live in full security, and lead a life in full consonance with the requirements and injunctions of

<sup>1</sup> Cp. Rangaswamy Aiyangar. *Op. Cit.* p. 113.

धर्मेणुलक्ष्मवद्वारयेत् । Apastamba II. 10. 26, 9.

the *Varna-Ashrama-Dharma*. The principal categories of public revenues, land tax, customs, fees and tolls were thus of a somewhat religious sanction, as the *Mahabharata* lays down in the *Shanti Parva*, already quoted. If the citizen failed to discharge his part of the contract, definite punishments were prescribed in the *Artha-Shastras*; and if the State,—the King,—failed to perform his part of the bargain, the subjects (Citizens) were authorised and permitted, both by the *Nitishastras* and the *Artha-Shastras*, to abandon such a country.<sup>1</sup>

Subject to this basic ideal, and in conformity with the dominating sentiment, the immediate aim of ancient Indian Treatise-Writers was to secure as high a surplus of receipts over expenditure as possible. In a pithy verse Shukra lays down:—“The King must regulate his expenses according to his income. If the expenses habitually exceed income, even Kubera's Treasure would be exhausted.”<sup>2</sup>

And in the very first chapter, Kautilya says in his *Artha-Shastra*, speaking of *Varta* and *Danda-Niti*:—<sup>3</sup>

“*Varta* (Economics) consists in Agriculture, Animal Husbandry and Trade. By their means (we obtain) grain, cattle, gold, forest produce and labour. With the help of these, (the King) subdues (makes his friends) his own and the opposite sides, with the aid of Treasure and arms”.

1 Cp. ante. Lecture II

2 Cp. Shukra.

3 A. S. I. 4. Free Translation of the Text.

कृषिपाशुपाल्ये वर्णित्या च वार्ता  
धान्यपशुहिरण्यकृष्यविटिप्रदानादौपचारिकी ।  
तथा स्वपक्षं परपक्षं च वर्णीकरोति कोशदण्डाभ्याम् ।

Postulating this general attitude of the ancient Indian public financier, let us now cast a glance at the outline picture of the national Budget including expenditure as well as the principal sources of revenues.

The Indian financier did not, ordinarily speaking, budget for a deficit. That is why Kautilya gives some very surprising items, under the pretext of extraordinary or Emergency Finance, which may include even forced loans.<sup>1</sup>

The principal source of expenditure was, of course, the maintenance of the security of the state. This included not only the maintenance of an adequate armed force,—in all its branches of army (infantry, cavalry, chariots and elephants) and Navy, with proper equipment, both for offence and defence. In addition there must have been, under the same head, a whole organisation of Secret Service, Store-houses, Armouries, and the War-chest. War was, indeed, not of daily occurrence; but no one who prized the security of the State could afford to neglect the preparedness for war, should it chance. The details given by Megasthenes of the armed forces of the Mauryan Empire, read with the regulations in the *Artha Shastra* make it evident that a very considerable proportion, probably as much as half,—must have been absorbed under this head. In the list of 18 Ministers given in the *Artha Shastra*, the *Senapati*, or the Defence Minister, takes rank next after the Chief Minister, Mantrin and the High Priest, (Purohita)<sup>2</sup> and received the highest salary along with the Ministers of the First Rank, who included the Heir Apparent. He was, moreover, not the Commander in the field,—the *Nayaka*, but a civil chief directing the policy which resulted in War, or kept the peace. Even while war was not actually being waged, and while no direct outlay had to be incurred on conducting Military operation the amounts devoted to this head must have been considerable, a good proportion being sent to the Treasury to form a War-Chest. Altogether, this must have been the most considerable single item in the Budget of an Empire like the Maurya or the Gupta.<sup>3</sup>

1. Cp. A. S. Book V; Ch. 2 & 3 pp. 245 et seq.

2. Cp. A. S. Book I; Ch. 12; also Book V; Ch. 3 p. 245.

3. Cp. Shukra Niti, I, 631-5.

Other items in Expenditure must have included the ordinary obligations of what we might nowadays call a welfare State, as contradistinguished from a Police State. Some of these have already been noticed, e. g. Roads and their equipment with Bridges and rest-houses, trees and watering places, Irrigation works; Temples and institutions of public welfare, like schools, hospitals, and universities; charitable foundations; police and other protective establishment for the peaceful citizen, merchants and other travellers; Ships and ferries; Legal, Judicial and punitive departments; Civil List for the King and Court, his Ministers and Officers; aids to local governments; Insurance against Famine, like Granaries and Goshalas; maintenance of Mines and Forests and Public Factories, Mint and Royal Store houses, Places and Forts, and the Royal Hunt. Very detailed regulations are provided in our classic Treatises on these subjects, which, though they may differ in details, are identical in principle. Taken as a whole, it is obvious that the claims of the Public Expenditure, of all kinds, are taken as paramount, and they also determine the revenue side, in the ultimate analysis. Kautilya laid down heavy penalty against a King who did not spend properly.<sup>1</sup>

Before closing this part of the discussion, we may note the proportions, prescribed by Shukra as right and proper, to be spent on specified objects by the Exchequer.<sup>2</sup>

प्रामस्य द्वादशांशेन प्रामपान् सन्तियोवयेत् ।  
 त्रिविंशशेषेण धार्य दानमधांशेन च ॥  
 अधांशेन प्रकृतयो द्वाधांशेनाविकारिणः ।  
 अधांशेनात्मभोगश्च कोशोऽशेन च इक्षवते ॥  
 आयस्यैवं पद्मविभागैव्यं कुर्यात् वस्तस्ते ॥

Following Shri. B. N. Sarkar, we translate these freely:—

The heads of the *Gramas* are to receive one-twelfth of the income from the *grama*. The Army is to be maintained by three (such parts);

1. Cp. A. S. II 7.

सामुदायिकेष्व वकुप्रिके व्ययसुपहृत्य राजाऽनुत्प्येत ।

2. Shukra Niti I, 315-17.

charity  $\frac{1}{2}$ ; as also the people ( $\frac{1}{4}$ ), the officers, and the King's personal Expenditure ( $\frac{1}{4}$ ). The Treasury the remainder. By dividing the income into six such divisions, the King should yearly incur expenditure.

Prof. Aiyangar, however points out.—

"This rule, dividing the income into six divisions, is obviously designed for all but the smallest states. In a later part of his treatise, a different proportion is given by Shukra:— 'The ruler, whose income is 100,000 karshas, should every month spend 1,500/- on contingencies, charities and personal wants, 100 on clerks, 300 on counsellors, 300 on wife and children, 200 on men of letters, 4,000/- on cavalry and infantry, 400/- on elephants, camels, bulls and arms, and save the remaining 1,500 for the Treasury.'

He adds:—"It will be noticed that the two standards differ greatly. In the former, the Military expenditure forms only 25% of the revenue, while in the latter it amounts to 52.8%. The allotment for the charity and learning is a little over 4% in the first, and only 2.4% in the second schedule. The cost of administration is set at a little over 12% in the former and at only 3.6% in the latter. In the first, 50% of the revenue is to be saved for the Treasury, and in the second 18%,"

He reconciles this apparent difference, or contradiction in the same Treatise, by suggesting that the first scheme, is concerned with the distribution of the village income proper, in and for the village, leaving half the village income derived from the village for the Central Exchequer; while the

latter gives the general proportions of the over all central expenditure.

It would be interesting to add that while Shukra is full of details, Kautilya thinks more or broad generalities, and is interested more particularly in Central financing. Items, therefore, which are more immediately of interest to Local Bodies, or to organisations, do not find such an important place in his treatise, though even he recognises the obligation of the State to provide for Charitable institutions, Poor Relief, work for the unemployed and asylums for the aged or the infirm. He would, however, place this burden primarily on the able-bodied near relations of such sufferers. Very considerable resources were available, in Mauryan days to local bodies, as the Artha Shastra bears witness<sup>1</sup>; and so they bore a fair share of such burdens as we would now describe Social Services. The village sanitation, poor relief, watch and ward, irrigation and communications fell upon the local authority in the first instance, though the Centre never refused aid when needed.

1 Kautilya's ideas on *Public Expenditure* are given, mainly, in Book II. Ch. 6 pp. 59, 62. They may be summarised:—

(Sham Shastr's Translation pp. 57-61) "Chanting of auspicious hymns during the worship of gods and ancestors and on occasions of giving gifts, the harem, the kitchen, the establishment of messengers (spies ?) the Store-House (Granaries ?) the Armoury, the Ware-House, the Store-house of raw materials, Manufactories, Free Labour, maintenance of Infantry, Cavalry, Chariots and Elephants, herds of cows, the museum of beasts, deer, birds and snakes, and storage of firewood and fodder, constitute the body of the expenditure."

The Artha Shastra does not give in one place, in such detail as Shukra, the proportions to be spent on the several heads mentioned by him. It is, however, no less careful about the proper collection and accounting, including opening and closing balance, arrears due and the like, which are summarised elsewhere.

Apparently, "Free labour," being included as part of normal expenditure of the State, could not have been the *Begar* of later days, but rather surplus or floating Labour, which was employed on the Royal Domain in busy season and was paid on at prescribed rates. See Bk. V. Ch. 3 p. 247.

There was an excellent Budget System which was strictly, regularly, effectively enforced. Kautilya gives very detailed, minute rules about the keeping, preparation, submission, and scrutiny of accounts. Then, even more than today, the function of the Accountant and Auditor-General was no sinecure; but then, better than today perhaps, the entire Cabinet sat in scrutiny of the accounts presented, and not merely a committee of laymen from Parliament who have neither the time, knowledge or aptitude for auditing, scrutinising such voluminous and complicated accounts. The present-day Auditor-General is, it is true, not a servant of Government, as he used to be under the British regime. He is now appointed and is responsible to Parliament,—the People's House. But, he still continues to be a member of the organised public service; and, as such, cannot ordinarily speaking, have the same independence and originality of out-look, as Auditor-General selected from the public would have. The Mauryan Auditor-General, was in a some-what different position, as he was appointed by the King like his other heads of departments, and was responsible to the Imperial Cabinet of eighteen as a whole.

Reverting to the Budget system of the Mauryans days, we find, on the authority of the *Artha Shastra*, that every year, probably at the commencement, the Finance Minister, with the help very likely of the Collector-General of Revenues, made a note of the opening balance in the Treasury, of all current expenditure, including capital projects in hand (*Karaniya*) as well as of those which had been completed (*Siddham*). Side by side there was a detailed statement of receipts from all sources,—Crown Land, and share of produce from other lands, Customs, Excise, tolls, fees, Port and Town dues of all kinds, profits of mining, forest and fisheries, and of all state factories or commercial enterprise; and also a statement of the closing balance anticipated at the end of the year.

On the Expenditure side, which was the determining factor, the principal items were: the cost of the national Defence and of Civil administration, including the Civil List, Ministers' salaries, and expenses of all departments of Government. Procurement and payment for the Stores and other necessaries of life, for the

National Store houses and Granaries ; for arms and equipment for the Services if purchased in the year, for gems, ornaments and precious stones. The balance went into the Treasury and the War Chest.

Full and precise accounts were kept of all receipts on Revenue as well as Capital accounts ; and of all outgoings in the same manner. Plans were also prepared and included in the Budget of all purposed new and profitable expenditure for Investment during the year just beginning. Investment of Capital (*Villakshema*), the salvaged balance of wrecked under takings and the actual savings accrued and realised from the net estimated outlay on public works etc. (*Vyayapratyaya*) were all carefully accounted, so as to keep an effective check on Expenditure.

#### REVENUES

To meet the heavy obligations of Government in Ancient India, the State had several and plentiful sources of Revenue. The general attitude towards the imposition of taxes and other State Revenues, as described in the Treatises, exhibits a marvellous solicitude, for the tax-payer. The simile of taxing the earth and milking the cow occurs again and again, both in the classics and in the authoritative works on the subject proper. It is said—  
 राजन् दुधुक्षसि यदि क्षितिधेनुमेना तेनाय वत्समिव लोकममु तुपाण । (Subhashitaratnabhandagara, Ch. III 4405, p. 152) Kalidasa also says in the Raghuvamsha I. 26. दुदोह ना स यक्षाय सस्याय मध्यवा दिवम् ॥ सम्यद्विनिमयेनोमी दधतुम्बवनद्यथम् ॥

Every attempt was, therefore, made to adjust the tax burdens so as to cause the least inconvenience to the tax-payer, both in time and place and manner of payment ; and at the same time get the utmost possible for the State, with the least loss to the tax-payer. We shall consider these "Canons of Taxation as Adam Smith called them, a little more fully later on." The object of collecting revenues being to spend them on proper occasions and for proper reasons,

Kamandaka advised :—( V, 86 ).

काले चास्य न्यद्य कुर्यात् त्रिवर्गप्रतिपचये ।

The King who was an arbitrary or exorbitant taxer might be destroyed by his exasperated subjects without any sin, on the high authority of Shanti Parva. The occasions for proper and adequate spending have been already indicated, the State which failed to discharge its traditional duties could only pave the way for its own overthrow. All taxes, dues, fines and forfeitures, as well as the State Dues from its own property or enterprise, were to be धर्म- dictated by the Dharma Shastras, as Apastamba enjoins ; or as Mahabharata describes all forms of public revenues, from which the King's own salary is drawn :—

शास्त्रानीतेन लिङ्गेत्या वेतनेन धनागमम् ( Mahabharata XII, 71, 10 )

Land was, of course, the principal source. Very large areas were included in the Royal or public domain, which yielded the entire margin of profit, or cent per cent, of the rent. But side by side, there were private proprietors also who usually paid a sixth of the produce. We have already quoted the authority of the Mahabharata on this point, and may add here the more specific and detailed authority of Kautilya and the Shukra-Nitisara, which has some interesting points on not only the proportion of income from land to be taken as the Royal or public dues, but also as to the procedure to be appointed in collecting these dues. Kautilya also gives detailed directions in this behalf, and adds a few more as to the method of accounting and audit of accounts which the present-day Accountant and Auditor General might do worse than consider.<sup>1</sup>

Briefly stated, the Shukra-Niti rules of imposing, assessing and collecting Land Revenue (including Rent from the Royal Domain ) provided that—

Apart from Crown Lands or public domain, the land held in private proprietorship should be carefully measured, mapped, and proper account kept of the entire landed wealth of the community,

1 A. S. Bk. II, Ch. 2, 6 and 7.

The Finance Minister and Accountant-General or Revenue Commissioner must have had a hard task of it, as shown by Shukra.<sup>1</sup>

The revenue from each should be properly assessed and fixed (in kind) and one person should be fixed upon, in each village, to be responsible for the collection and payment into the Exchequer of the entire amount due to the Treasury. The rate of land revenue varied from one-twelfth to as much as one-third of the produce from each holding in times of emergency.<sup>2</sup>

If no single individual could be found for this purpose, the amount of State dues should be guaranteed payment of by some one. Failing this, public officers were to be appointed,—the village revenue Collectors,—who were also village defenders,—to discharge these duties. These were to be remunerated by a stated proportion of the Exchequer's share of the revenue. Each cultivator, proprietor, or tenant, received his title deed to rights in land, sealed by the Great Seal of the State.

1 The Sumantra (Finance Minister ?) should communicate to the King the amount of commodities laid by, the amount of debts etc. the amount spent, and the surplus or balance in both moveables and immoveables during the course of the year; (also) how many cities, villages and forests are there, the amount of land cultivated, who is the rent receiver, and the amount of revenue realised; (also) who receives the remainder after paying off the rent, how much land remain uncultivated, and the amount of revenue realised through taxes and fines; (also) the amount realised without calculation (i.e.) nature gifts, how much accrues from forests, the amount realised through mines and jewels.—Shukra. Part II, lines 204-12.

2 Cp. Aiyangar Op. cit. p. 127. Also Manu VII. 129-130.

यथास्यास्यमदन्त्यादं वायोकोवत्सपदपदः ।

तथास्यायो प्रहीतव्यो राष्ट्रद्वालादिकः करः ॥

पञ्चाशद्वाग्न वादेयो राष्ट्रा पशुहिरण्ययोः ।

धान्यानामप्तमो भागः पष्ठो द्वादश पद वा ॥

Along with the land dues from agricultural lands, rent was also collected from houses. Perhaps it would be better described as House or Buildings tax, which included a Shops Tax. There seems to have been in addition Road Tolls and Street Dues, collected from farmers of revenue in this behalf. Fruit-and-Trees Tax or Land revenue from Garden (Wet) lands added still further to this category, while collections in kind from cattle (e. g. milk from cows) made up no mean third in this category.

It is difficult to say what used to be the proportion of the total public income derived from all this various sources connected with land and animal husbandry, fruits and vegetables; but it cannot but have been more than half of the total.

Income from forests produce was, like receipts from the Royal Domain in agricultural land, the direct property of the State. After deducting, therefore, the expenditure connected with the management and maintenance of the forests, and their replantation where necessary, the entire proceeds went into the Treasury. So also the income from Mines, Metals and Metallurgical Industries. These formed part of the public domain and State enterprise. The net profit of these must have formed a considerable proportion of the total income of the State. Judging from the ample instructions given by Kautilya, in a variety of chapters in his great work, the economists of those days must have realised the essential advantage of the profits from public domain and State enterprise, as the abundant and reliable sources of public income, as against the compulsory contribution from private wealth we call taxes nowadays. While the former provides additional employment and adds to the sum total of the national wealth every year, at the same time retaining the inherent wealth or natural endowment of the country within its own possession and control, the latter Taxes serve at best to take up the additional income which a private individual may desire by his skill, enterprise or ingenuity. Ordin-

narily they are frankly a deduction from private wealth without any direct correlation between taxes paid and benefits received.<sup>1</sup>

Kautilya's injunctions on this subject are contained in his Book II chapters on the Revenue Collector and Accountant General of Tolls and Master General of Shipping. In the former he says:—

"The Collector-General shall attend to (the collection of revenue from) forts (durga), country parts (rashtra), mines (khani) buildings and gardens (setu), forests (vana), herds of cattle (vraja) and roads of traffic (vanikpatha).

Tolls, fines, weights and measures, the town-clerk (nagaraka), the superintendent of coinage (lakshanadhyakshah), the superintendent of seals and passports, liquor, slaughter of animals, threads, oils, ghee, sugar (kshara), the state goldsmith (sauvarnikar), the warehouse of merchandise, the Prostitute,<sup>2</sup> gambling, building

1. As already stated, these have been summarised from Shukra Niti, II, which are not materially different from the injunctions of Chanakya given elsewhere in other connection. Prof. B. K. Sarkar, the translator, points out that the proportion of dues to be collected from land differed according to the system of Manu, which was somewhat more rigorous than that of Prajapati; but reconciles this divergence by saying that while the lighter system was used in ordinary times, the more rigorous system of Manu may be used in more stringent times.

Prof. Sarkar, in his Foot-Note sums up the rules governing the imposition and collection of land revenue as follows:—

- (1) Collection in normal times according to Prajapati standards;
- (2) Revenue realisation never arbitrary or exorbitant;
- (3) Land rights (of the State) never to be given up;
- (4) Gifts of land may, however, be made for temples, public highways, or for the use of peasants for constructing houses. But these must only be for life-time of the first generation only.

See also Kautilya, Book II, Ch. 1.

2. This is a form of Profession Tax, which yielded very heavily in ancient and medieval India. The chief Courtesan was a high State dignitary, with handsome emoluments and acknowledged status as well as functions. Sewell, in *A Forgotten Empire* (Vijayanagar) states, on good authority that the Tax on Courtesan or Demimondes of Vijayanagar yielded enough to maintain the entire police force (some 12,000 strong) of that Capital city of the 14th to 16th centuries. A. D. The puritan hypocrisy, which would refuse to recognise the existence of inconvenient facts, was not much in vogue in India of Pre-British days.

sites (vastuka), the corporation of artisans and handicrafts men (karusilpiganah), the superintendent of temples, and taxes collected at the gates (chungi?) and from the people (known as Bahirikas) come under the head of forts.

Produce from crown lands (sita), portion of produce payable to the government (bhaga), religious taxes (bali), taxes paid in money (kara), merchants, the superintendent of rivers, ferries, boats, and ships, towns, pasture-grounds, road-cess (vartani), ropes (raju), and ropes to bind thieves (choraraju) come under the head of country parts.

Gold, silver, diamonds, gems, pearls, corals, conch shells, metals (loba), salt and other minerals extracted from plains and mountain slopes come under the head of mines.<sup>1</sup>

Flower gardens, fruit gardens, vegetable gardens, wet fields, and fields where crops are grown by sowing roots for seeds (mnlavapah, i.e. sugar-cane crops, etc.) come under setu.<sup>2</sup>

Game forests, timber forests and elephant forests are forests.

Cows, buffaloes, goats, sheep, asses, camels, horses and mules come under the head of herds.

Land and water ways are the roads of traffic.

All these form the body of income (ayasariram).

Capital (mula), share (bhaga), premia (vyaji), parigha (?), fixed taxes (klrpta), premia on coins (rupika) and fixed fines (aryaya) are several forms of revenue (ayamukha, i.e. the mouth from which income is to issue).

#### THE SUPERINTENDENT OF TOLLS

Most of these may be classed as Indirect Taxation, Customs and Tolls, though Professions Tax is so far as it cannot be trans-

1 These are Public Monopolies of the Mauryan days, exploited and worked on commercial lines.

2 Cp. Shakuntala, Act V.

ferred to other shoulder, might be treated as an example of Direct Taxation. The Tax on Land, being payable in kind and charged on the produce of the land, could not be called, strictly speaking, Direct Tax like our modern Taxes on income. Direct Taxes like Estate Duties or Inheritance Taxes were unknown, but the entire estate of a man dying without any heirs of his body, or by adoption, went to the State. The King was the universal heir.

Fees for licensing weights and measures are mere charges for service rendered than taxes proper, as also fees for passports, slaughter houses, gaming houses and other places of amusement. In times of emergency, domestic cattle and artisans' wares were liable to be taxed. The Indirect Taxes must have yielded quite a large proportion of the public revenue, as besides the customs duties on imports and exports, there were a number of tolls, cesses and local dues. To use Kautilya again :—<sup>1</sup>

The Superintendent of Tolls—had a toll—house with its flag, at the main gate of the city. When merchandise with their merchants arrive at the toll—gate, four or five collectors took down their names (merchants) whence they came, what amount of merchandise they had brought, and where for the first time the seal—mark (abhijnana-mudra) had been made (on the merchandise).

Unstamped merchandise paid twice the amount of the toll and those who had counterfeited the seal, paid eight times.

Near the Toll-House was the public market where the merchants offered their goods for sale and named their price. Goods must be sold to those who paid that price. When several purchasers bid for the same goods, the price could be raised, the enhanced price together with the toll was paid into the Royal Treasury in the first instance. If under the fear of having to pay a heavy toll, the quantity of price was lowered, the excess was confiscated or the duty was raised eight times the toll.

If bidders ran high and enhanced the price beyond its proper value, the enhanced amount, or twice the amount of toll, was taken as duty. All merchandise was sold only after it was precisely weighed, measured or numbered.

1 Foot Note—A. S. Book II, Ch. 21, pp. 110 et seq.

There was a very large list of customs and tolls exemptions. Commodities intended for marriages, or taken by a bride from her parents' house to her husband's (anvayanam), or intended for presentation, or taken for sacrificial performance, women's confinement, worship of gods, ceremony to tonsure, investiture of sacred thread, gift of cows (godana, made before marriage), any religious rite, consecration ceremony (diksha), and other special ceremonials shall be left out free of toll. Smugglers, however, were heavily punished.

There was, similarly, a list of forbidden imports e.g. weapons (sastra), mail armour, metals, chariots, precious stones, grains and cattle. Any one importing them was fined heavily and made to forfeit his merchandise. These were public monopolies whose production and sale was not part of the Free Trade system.

Customs Duties were levied on both Imports and Exports.

Imported commodities paid 20% *ad valorem*. Flowers, fruit, vegetables (saka), roots (mula), bulbous roots (kanda), Pallikya (?), seeds, dried fish and dried meat, were charged 16%.

On Conch shells, diamonds, precious stones, pearls, corals and necklaces, expert appraisers fixed the duty—a specific charge.

Fibrous garments (kshauma), cotton clothes (dukula), silk (krimitana), mail armour (kankata), sulphuret of arsenic (haritala), red arsenic (manassila), vermillion (hingulaka), metals (loha) and colouring ingredients (varnadhatu); of sandal, brown-sandal (agaru), pungents (katuka), ferments (kinva), dress (avarana) and the like; wine, ivory, skins, raw materials used in making fibrous or cotton garments, carpets, curtains (pravarana) and products yielded by worms (krimijata); and of wool and other products of goats and sheep, paid 10% to 8, 2/3%.

Cloths (vastra), quadrupeds, bipeds, threads, cotton, scents, medicines, wood, bamboo fibres (valkala), skins and clay pots; of grains, oils, sugar (kshara), salt, liquor (madya), cooked rice and the like, paid 5% to 4%.

Gate dues (dvaradeya) were 1/5th of the toll. This tax may be remitted if circumstances necessitate such favour.

## ACCOUNTS AND AUDITS

Very considerable stress is laid, in all principal Treatises on Artha-Shastra, on regularity in keeping accounts, on fullness of details, and on punctuality in prescribing the accounts. There were definite Forms and Tables prescribed, according to which the Public Accounts were to be presented, relating to daily, monthly and yearly accounts. As has been shown more fully elsewhere, the accounts included estimates for the coming year, and the actual results of the year just ended. When the clerks of Accounts came with all their books of account, the entire Cabinet sat in conclave, so to say, to scrutinise them<sup>1</sup> and pronounce upon their accuracy, fullness and satisfactory nature in all respects. It will be noticed that it was not the business only of the Finance Minister proper or even of his entire Ministry; it was the business of the whole Ministry sitting together. And their business was not only to verify the actual figures, to tally authority with outlay by vouchers and receipts; they had also to see that full value was received for every pie spent; that the clerks, officers and departmental heads had done their duty honestly, conscientiously, and efficiently. A system of fines for defaults or worse offences and of rewards for special merit in the discharge of these duties helped to make the system more effective.<sup>2</sup> The rewards as well as punishments fell as much upon the mere clerks, as upon the superior officers, inspectors, directors, or even the Auditor General. The attempt to correlate reward to the work done, or, conversely, punishment to the fault incurred, is a peculiarity of the Indian economic and financial system which receives emphasis in every treatise

1. A. S. Book II, Ch. 7

2. Cp. A. S. Bk. II Ch. 7

प्रचारसमं महामात्राः समग्राः आवयेत् ।

यज्ञामादायस्यान्तरबर्णे नीव्या वर्धेत्, व्ययस्य वा यत् परिहापयेत् तदच्छुण-  
मन्यक्षमं दापयेत् । विपर्यये तमेव प्रति स्यात् । यथाकालमनागतानामपुस्तनी-  
वीकानां वा देयदशावन्धो दण्डः ।

Other methods, still, of procuring extraordinary finance are known to have occurred. The devices mentioned in the Chapter of the *Artha Shastra* just quoted from,—the efforts of spies and the wiles of the agents provocateur added to some devious devices by the revenue collectors themselves, could not all have been practised normally; and it is even likely that they were very rarely and reluctantly resorted to. For the injunctions of the *Mahabharata* were implicitly believed in and followed in that age, which made the King, the Ruler, always remember that the people, exasperated by his excessive and incessant exactions, might uproot him altogether.<sup>1</sup> It is interesting to add however, on the authority of the *Artha-Shastra* that spies could take away, under the pretence of guarding it more effectively, the wealth of gods and temples; while even the official appointed in charge of the sacred places could legitimately put together all the temple valuables and take them away to the Royal Treasury.<sup>2</sup> The example is heartening in these days when India is anxious to utilise her newly regained sovereign authority to make up for all leeway in economic development, social services and public utilities and when nation-wide plans are being made for the purpose, one of the greatest obstacles we have to face is lack of readily available, mobilised capital for investment. To overcome this obstacle we are urged to raise loans abroad, pledge our national credit and mortgage our yet uncreated resources to foreign money lender, even though immense wealth, readily available in investable form is locked up in our temples and mosques, churches and synagogues. What good are these immense and idle hoards, provided by our forbears out of their religious zeal or charitable impulses, if we cannot utilise them in our hour of need.

Earlier in the same place, the King was advised: for objects no less of public benefit than those with which the original endowments were made and trusts formed. Even if we cannot take and use them up bodily, what harm could there be in taking them on loan, with reasonable interest and repayable within a

1. *Mahabharata* XII, 87, 18.

2. *Op. Cit.* p. 241.

certain period, both principal and interest. It would need, however, a Kautilya to suggest, and a Mauryan hero to execute such daring, drastic measures, in the face of the superstition or prejudice still befogging the masses in India.

One more extraordinary device may be mentioned before we close this section. The late K. P. Jayaswal mentions in his *Ancient Hindu Polity*,<sup>1</sup> on the authority of Jain tradition, the expedient of Chanakya, as Prime Minister of Chandragupta Maurya, issuing 80 crores of debased silver coins to fill the treasury, perhaps in connection with the War with Salenkos. Modern technique in this respect is a little more refined, issuing utterly convertible paper money and giving it the force of legal tender whereby inflation can be carried on to any extent.

All the forms of ordinary revenue we have received so far indicate a great solicitude not only for the treasury, but also for the tax-payer. The advice of the *Maha Bharata*,<sup>2</sup> regarding the time and place and manner of collecting taxes, fees, tolls, customs and excise duties, as well as the most important of them all the Land Revenue, is as applicable in these days as it must have been acted upon in the days when it was first given. All state imports had to be so adjusted, as to be in proportion to the taxable capacity; taxes were to be levied like milking a cow, not wrenching out the nipples.<sup>3</sup> When imposed they must be light in incidence, but may be gradually raised, so that the burden being adjusted and distributed, is unperceptible.

वर्त्तेन देवेन वर्धमानं प्रदायेत ।  
ततो भूयस्ततो भूयः कमचुद्दि समाचरेत ॥

1. Op. Cit. p. 333.

2. Op. Cit. XII. 87 and 88 particularly 87. 20-22.

वर्त्तौपन्नेन दोषव्यं राष्ट्रमक्षीणचुदिना  
भूतो वर्त्तो जातवलः पीडां वहति भारत ।  
न कर्म कुरुते वर्त्तो भूतो दुर्घो युधिष्ठिर  
राष्ट्रमप्यतिरुग्मं हि न कर्म कुरुते महत ।

3. वर्त्तापेक्षी दुर्घेष्व लतनांश न विकुष्येत ।  
or  
मधुरोऽ दुर्घेष्व द्वयरा हय पादपाः ।

Says the sage in the great Epic.

Before levying a tax, financier must estimate its incidence, with due regard to the reaction on production. In other words no tax must be such as would frighten away labour or capital being invested in an industry whose products are to be taxed.

Manu himself lays down :—

यथा कलेन युज्येत राजा कर्ता च कर्मणाम् ।  
तथाऽवेद्य नुरो रोगे कल्पयेत् सततं करान् । (VII. 128 )  
यथा राजा च कर्ता च स्यातां कर्मणि भागिनी ।  
संवेद्य तु तथा राजा प्रणेत्याः सततं कराः ॥ (XII. 87. 17, 18 )

And particularly when it came to taxing commodities, whether on import or by way of excise, the Chancellor of the Exchequer had to see to it, that the trader or producer was able to recoup himself for his labour and capital invested, as well as a reasonable margin of profit.<sup>1</sup>

As already noted earlier, the fiscal policy was designed to prohibit objectionable or useless imports or luxuries ; while those which yielded any benefit were admitted free. The Artha Shastra declares :—(Bk II. 25).

अङ्गश्च विक्रयं व्याप्ति ज्ञात्वा मानहिरण्ययोः ।  
तथा वैवरणं कुर्वादुचिरं चालुवतयेत् ॥

Repetition of imports on the same commodity was to be avoided.<sup>2</sup> Every body capable of working was provided with work ; the labour of even criminals and civil debtors was utilised for public works of great social utility. The entire system, taken as a whole, aimed, therefore, at achieving simultaneously the welfare, of the individual citizen, the prosperity of the community and the fullness of the Treasury.

1 कथयविक्रयमन्वाने भर्तु च सपरिव्ययम् ।

योगद्वेषं च संप्रेद्य वर्णिता दायेत् करान् । ( Manu VII. 127 )

2 वस्तुजातस्यैव र शुक्रं प्राणं प्रयत्नतः ।

हैत्रिभैवासकुच्छुलकं रोगे माहो नृपैश्चलात् ॥ (Shukra NS. IV.2. 109)

## EMERGENCY FINANCE

The principles of taxation, outlined above, in vogue in ancient India, concerned ordinary normal times of peace. For extraordinary occasions or special emergencies, the financier could and often did resort to special devices, some of which had other motives also; but all of them had the primary aim of replenishing the Treasury. In a long special Chapter II in Book V of his great work, Kautilya considers the ways and means of this purpose.<sup>1</sup> Attention is first of all directed to land which is well-watered and highly productive where as much as one-third of the produce may be demanded. But even under extraordinary circumstances no such demands were to be made of cultivators in inferior quality regions, or from those who help in the building of forts, gardens or roads, colonisation of waste lands, exploitation of mines or formation of forests of timber, or people living on the frontiers exposed to danger of invasion. It was also an absolute principle and immutable principle of public finance that no demand be made of those who had not even enough for their own subsistence. On the contrary, those who help to reclaim waste lands must be supplied with seed, cattle and other requirement, of their business.<sup>2</sup>

If more is to be obtained from those who have a surplus, it should be purchased upto a fourth of their balance after deducting what is needed for seed and their own consumption.<sup>3</sup> If these do not suffice, double cropping may be resorted, with such threats or inducement, as the tax-collectors could devise. Throughout, however, grain scattered in harvest fields must be left untouched

1 A. S. Bk V Ch. II pp. 242-246.

कोशमकोशः प्रत्युपजार्थकृच्छः सदृशीयात् ।

बलपदं महान्तमल्पप्रमाणं वा देवमात्रकं प्रभूतधानं

धान्यस्यांश्च तृतीयं चतुर्थं वा याचेत् ।

याचासारं मध्यमवरं वा दुर्गसेतुकर्मवणिकप्रशून्यनिवेश-

स्त्रनिद्राव्यहस्तिवनकर्मोपकारिणं प्रत्यन्तमल्पप्रमाणं वा न याचेत् ।

2 धन्यपशुहिरण्यादि निविशामानाय दद्यात् ।

3 Ibid चतुर्थमंशं धान्यानां शीजमक्षशुद्धं च हिरण्येन कीरीयात् ।

to be used for offerings to Gods and ancestors, feeding cows, alms to ascetics or wages to village workmen. Nor need such burdens be imposed upon Brahmanas, who were specifically exempted from Taxation.<sup>2</sup>

Various categories or forms of taxable wealth are next enumerated, and the maximum tax chargeable on each of them prescribed in times of emergency. It would take us too much into detail to particularise these. There are both *ad valorem* and specific charges on inanimate objects of wealth or living animals, like pigs or poultry. Shukra even permits taking away as much as one-half of the total wealth of the proud and the arrogant, irrespective of any emergency. So far, however, as extraordinary exactions were concerned, they were, says Kautilya, to be rare.

सकृदेव न द्विः प्रयोद्यः । (A. S. V. 2) is his text, though if a real emergency occurs in the life time of a ruler more than once, the text could not be used to forbid further recourse to such measures. He even advises forced loans or benevolences from those who could afford.

Says Kautilya, तस्याकरणे वा समाहर्ता,  
कार्यमपदित्य पौरजानपदान् भिक्षेत ।  
योगपुरुषाशात्र पूर्वमतिमात्रं दद्यः ।  
एतेन प्रदेशेन राजा पौरजानपदान् भिक्षेत ।  
सारते वा हिरण्यमाण्यान् आचेत । (A. S. V. 2)

Other methods, still, of procuring extraordinary finance are known to have occurred. The devices mentioned in the Chapter on the Artha Shastra just quoted from,—the efforts of spies and the wiles of the agents provocateurs added to some devious devices

A. S. Bk. V ch-II pp. 242-246. अरण्यजातं श्रोत्रियस्वं च परिहरेत् ।  
Also cp. Manu-(VII, 133) मिथ्यमाणोऽप्याददीत न राजा श्रोत्रियात् करम् ।  
or Ibid (VIII, 407) ब्राह्मणा लिङ्गनद्वैत न दाप्यास्तारिकं तरे ।  
or Kautilya p. 161. अदायादकं राजा हरेत् । अन्यत्र श्रोत्रियद्रव्यात् ।  
or Vasishtha I, 42-4 राजा यस्तु धनस्य हरेत् । अन्यत्र ब्राह्मणात् ।  
and Shukra IV, 3, 4. ब्राह्मणेन विनाऽन्येषां भिक्षावृत्तिविगहिता ।

Which gives the real reason in this otherwise rather unjustifiable exemption. Brahmanas expected to have not a superabundance of worldly goods.

by the revenue collectors themselves could not all have been practised normally; and it is even likely that they were very rarely and reluctantly resorted to. For the injunctions of the *Mahabharata* were implicitly believed in and followed in that age, which made the King, the ruler, always remember that the people, exasperated by his excessive and incessant exactions, might uproot him altogether.<sup>1</sup> It is interesting to add, however, on the authority of the *Artha-Shastra* that spies could take away, under the pretence of guarding it more effectively, the wealth of God's and temples; while even the official appointed in charge of the sacred places could legitimately put together all the Temple valuables, and take them away to the Royal Treasury.<sup>2</sup> The example is heartening in these days when India is anxious to vitalize her newly regained sovereign authority to make up for all leeway in economic development, social services and public utilities, and when nation-wide plans are being made for the purpose, one of the greatest obstacles we have to face is, lack of readily available mobilised capital for investment. To overcome this obstacle we are urged to raise loans abroad, pledge our national credit and mortgage our yet un-created resources to foreign money lenders, even though immense wealth, readily available in investable form, is locked up in our temples and mosques, churches and synagogues. What good are these immense and idle hoards, provided by our forbears out of their religious zeal or charitable impulses, if we cannot utilise them in our hour of need for objects no less of public benefit than those with which the original endowments were made and trusts formed? Even if we cannot take and use them up bodily, what harm could there be in taking them on loan, with reasonable interest, and repayable within a certain period, both principal and interest? It would need, however, a Kautilya to suggest, and

1 द्विषन्ति परिक्षात् राज्ञानमतिव्यादिनम् । MBH. XII 87. 19

Earlier in the same place, the king was advised  
न चिछन्दावास्तमनो मूळं परेषां चापि तुच्छन्ता (XII. 87. 18)

2 पाषण्डसङ्क्रदन्वमधोत्रियमोर्य देवद्रव्यं चा कृत्यकरः

प्रेतन्य दध्यगृहस्य चा इस्ते न्यस्तमित्युपहरेतुः ।  
देवताऽप्यक्षो दुर्गाराष्ट्रदेवतानां यथास्यमेकस्थं कोशं कुर्यात् ।  
तथैव चाहरेत् । (A. S. V. 2)

a Mauryan hero to execute such daring, drastic measures, in the face of the superstition or prejudice still befogging the masses in India.

One more extraordinary device may be mentioned before we close this section. The late K. P. Jayaswal mentions in his *Ancient Hindu Polity*<sup>1</sup> on the authority of Jain tradition, the expedient of Chanakya, as Prime Minister of Chandragupta Maurya, issuing 80 crores of debased silver coins to fill the treasury, perhaps in connection with the War with Selen Kos. Modern technique in this respect is a little more refined, issuing utterly in convertible paper money and giving it the force of legal tender whereby inflation can be carried on to any extent.

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1 Op. cit P. 353.

## Appendix

## LIST OF CHAPTERS OF THE ARTHA SHAstra

## First Book

The End of Sciences	विद्यासमुद्देशः ।
Association with the Aged	वृद्धसंयोगः ।
Restraint of the Organs of Sense	विनियोगजयः ।
Creation of Ministers	विमात्योत्पत्तिः ।
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Eighth Book

The aggregate of the calamities of the elements of sovereignty	प्रकृतिव्यसनवर्गः ।
Considerations about the troubles of the King and of his kingdom	राजराज्यव्यसनविचिन्ता ।
The aggregate of the troubles of men	पुरुषव्यसनवर्गः ।
The group of molestations, the group of obstructions, and the group of financial troubles	पीडनवर्गः । स्तम्भवर्गः । कोशसङ्करणवर्गः ।

The group of troubles of the army and the group of troubles of friends

बलव्यसनवर्गः । मित्रव्यसनवर्गः ।

*Ninth Book*

The knowledge of power, place, time, strength and weakness; the time of invasion.

शक्तिदेशकालव्यवलक्षणम् । यात्राकालात् ।

The time of recruiting the army; the form of equipment; and the work of arraying a rival force

बलोपादानकालः । सम्भावगुणः ।  
प्रतिबलकर्म ।

Consideration of annoyance in the rear; and remedies against internal and external troubles

पश्चात्कोपचिन्ता । वाहाभ्यन्तरप्रकृतिकोप-  
प्रतीकारः ।

Consideration about loss of men, wealth, and profit

श्वयज्यव्यलाभविपरिमिशः ।

External and internal dangers

वाहाभ्यन्तराद्यापदः ।

Persons associated with traitors and enemies

दृष्ट्यदात्रुसंयुक्तः ।

Doubts about wealth and harm; and success to be obtained by the employment of alternative strategic means

अर्थात्तर्थसंशययुक्तः । तासामुपायविकल्प-  
जः सिद्ध्यत्र ।

*Tenth Book*

Encampment

स्वन्धावारनिवेशः ।

March of the camp; and protection of the army in times of distress and attack

स्वन्धावारप्रयाणम् । व्यव्यसनावस्कन्द-  
कालरक्षणं च ।

Forms of treacherous fights; encouragement to one's own army, and fight between one's own army, and fight between one's own enemy's armies

कृद्युक्तविकल्पः । स्वसैन्योत्साहनम् ।  
स्ववलाभ्यवलयोगच्च ।

Battlefields; the work of infantry, cavalry, chariots, and elephants

युद्धमूर्मयः । पर्यन्वरथ्यहस्तिकमाणि ।

The distinctive array of troops in respect of wings, flanks, and front; distinction between strong and weak troops; and battle with infantry, cavalry, chariots, and elephants

पश्चकश्चोरस्यानां वलाप्रती च्यहविभागः ।  
सामफल्युवलविभागः । पर्यन्वरथ्यहस्ति  
युद्धानिच ।

The array of the army like a staff, a snake, a circle, or in detached order; the array of the army against that of an enemy

दण्डमेतामाण्डलासंहतव्यूहनम् ।  
तस्य प्रतिव्युहस्थापने च ।

*Eleventh Book*

Causes of dissension, and secret punishment

भेदोपादानानि । उपांशुदण्डश्च ।

*Twelfth Book*

The duties of a messenger

दृतकर्म ।

Battle of intrigue

मन्त्रयुद्धम् ।

Slaying the commander-in-chief and inciting a circle of States

सेनामुख्यवधः । मण्डलप्रोत्साहनं च ।

Spies with weapons, fire, and poison; and destruction of supply, stores and granaries

शास्त्राभिरसप्रणिधयः । वीवधासारप्रसारचयश्च ।

Capture of the enemy by means of secret contrivances or by means of the army; and complete victory

योगातिसन्धानम् । दण्डातिसन्धानम् ।  
एकविजयः ।

*Thirteenth Book*

Sowing the seeds of dissension

उपजापः ।

Enticement of Kings by secret contrivances

योगवासनम् ।

The work of spies in a siege

अपसर्पत्रणिधिः ।

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Restoration of peace in a conquered country

लव्यप्रदासनम् ।

*Fourteenth Book*

Means to injure an enemy

परचातप्रयोगः ।

Wonderful and delusive contrivances

प्रलभ्नमनम् ।

The application of medicines and mantras

भैषज्यमन्त्रप्रयोगः ।

Remedies against the injuries of one's own army

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*Fifteenth Book*

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